

Policies of the Missouri Housing Development Commission

Contents

Introduction	3
Overview Statement	3
Standards of Conduct for Commissioners and Employees of the Missouri Housing Development Commission.....	4
MHDC Standards of Conduct Violation Review Process.....	9
No Solicitation.....	13
Sunshine Law	14
Eligibility to Do Business with MHDC.....	14
Exigent Circumstances	15
Business Judgment.....	15
Professional Services.....	15
Multifamily Housing Programs	15
Flood Plain.....	16
Local Participation.....	17
MHDC Review Criteria.....	18
Appeal Process.....	18
Homeownership.....	19
Bond Financed Multifamily Rental Developments	19
Workforce Eligibility.....	20
Displacement	21
Relocation	22
Developer Fee	22
Construction Inspections	22
Forward Commitments.....	23
Program Fees	23
Modification of Approved Financing	23
Income Limits.....	24
Construction Loan Program	24

Participation Agreements	25
Construction Completion Assurance	25
Servicing Workout Agreement.....	26
Surplus Cash/Owner Distribution	26
Loan and Project Risk Assessments and Asset Management	26
Recapture of Credits	27
Administration of Low Income Housing Tax Credits.....	27
Commission Approval	28
Relocation Policy – HOME Program.....	28
Use of Master Servicer	28
Availability of First Place Loan Funds in Rural Missouri.....	29
Federally Declared Disaster Areas	29
Refinance Policy for Tax-Exempt Financing	29
Refinance Policy for Taxable Financing.....	30
Resolution No. 964 Audit Committee Charter.....	30
Resolution No. 925 Investment Policy and Guidelines	34
Innovative Ideas	43
Financial Viability	43
Disposal of Surplus Items.....	43
Debt Management Policy.....	43
Request for Proposals Bidding Policy.....	53
Purchasing Policy	53
Employees and State of Missouri Merit System	57
Whistleblower.....	57
Grievances.....	58
Complaint.....	59
Equal Employment Opportunity	59
Americans with Disabilities Act.....	60
Family Medical Leave Act.....	61
Anti-Harassment	61

Introduction

Adopted 8/28/2009

The Missouri Housing Development Commission (MHDC) policies which are contemplated herein constitute the full and complete policies of MHDC. The Commissioners of MHDC approve and/or ratify these policies and in doing so have declared that any inconsistent or non-included policies are deemed invalid and no longer shall be policies of MHDC. All policies included herein shall bear the date that the Commission has approved this comprehensive and overriding policy binder. Specifically and intentionally excluded from these policies are all board level formal resolutions relating to specific projects, any matters relating to bond indentures and bond issues (single family and multifamily) all of which shall remain in effect.

Overview Statement

Adopted 8/28/2009

MHDC is an independently funded governmental instrumentality and a body corporate and politic formed to implement the provisions of Chapter 215 (State Housing) of the Revised Statutes of Missouri (RSMo), as amended, and Appendix B(1) thereto.

MHDC's role is to administer state and federal housing programs. MHDC currently administers the following programs:

State

Missouri Housing Trust Fund
Low Income Housing Tax Credit
Missouri Affordable Housing Assistance Program

Federal

First Time Homebuyer Program
HOME Program
Low Income Housing Tax Credit
Section 8 Contract Administration
HUD Risk Share Program
Rural Initiative
Rural Development 538 and Preservation
Balance of State Continuum of Care

MHDC

MHDC Fund Balances
Single Family loan programs
Multifamily loan programs
Rental Assistance
Subdivision infrastructure
MHDC's operations, payroll, etc.

Standards of Conduct for Commissioners and Employees of the Missouri Housing Development Commission

Adopted 7/31/2009 and Ratified 8/28/2009

MHDC POLICY OF SERVICE AND INTEGRITY

The Commissioners and the Employees of MHDC hold their respective positions with MHDC as a public trust for the benefit of the people of the state of Missouri. Honesty, integrity, and a spirit of public service are the hallmarks of that trust. Accordingly, in all matters related to MHDC, its Commissioners and Employees shall conduct themselves in a manner that places duty to the people of Missouri, as the intended beneficiaries of MHDC's actions, above their own personal interests. Commissioners and Employees of MHDC shall avoid potential and actual conflicts of interest between their duties to MHDC and their own personal interests. The professional and personal conduct of the Commissioners and Employees must be above reproach and avoid even the appearance of impropriety. The purpose of the Standards of Conduct is to provide Commissioners and Employees with clear guidance on acceptable behavior in connection with his/her MHDC activity. All capitalized terms shall bear the meaning identified in the definitions section attached hereto as Exhibit A.

PRIMARY PROVISIONS

1. Commissioners and Employees shall comply with all applicable federal and state laws including, but not limited to, the Sunshine Law, Mo. Rev. Stat. §§105.450-496 and the HOME conflict of interest regulations (24 CFR 92.356). To the extent any provisions in these Standards of Conduct conflict with, or are inconsistent with, any provision of the Sunshine Law, Mo. Rev. Stat. §§105.450-496, the HOME conflict of interest regulations, or any other federal or state law, as each may be amended or modified from time to time, Commissioners and Employees shall adhere to the most restrictive standard. The Counsel shall determine for any Commissioner or Employee which standard is the most restrictive for any factual scenario that comes to the attention of Counsel. Upon receiving any information regarding a potential violation under the Standards of Conduct, the Counsel is authorized to pursue the matter and determine whether or not the matter rises to a violation of the Standards of Conduct. In pursuing such a matter, the Counsel is empowered to engage outside counsel to investigate any matter where the Counsel deems that the use of an independent counsel would be in the best interest of MHDC.
2. Commissioners shall identify and disclose to the Director, the Chair and Counsel any Conflict within 24 hours of the time at which a reasonable person would have known of the existence of such Conflict. The Director shall make the disclosed Conflict known to all Commissioners prior to the next MHDC meeting or within 24 hours, whichever comes first. If a Commissioner discovers a Conflict at or during a MHDC meeting, the Commissioner shall immediately disclose to the Director and all Commissioners present at such open meeting that a Conflict exists. Any Commissioner who has a Conflict shall recuse himself or herself from any vote related to the identified Conflict. The recusal from a vote shall be made prior to any discussion of the matter which has required the Commissioner to recuse himself or herself from voting on the matter.
3. MHDC Employees shall identify and disclose to their Division Director all Conflicts within 24 hours of the time at which a reasonable person would have known of the existence of such Conflict. The Division Director shall inform the Director and Counsel of the Conflict. The Employee with the Conflict shall receive written direction from the Counsel describing how the

Employee shall address the Conflict. Once the Counsel identifies a Conflict, he or she shall notify all Commissioners within 24 hours or at the next regular meeting.

4. Commissioners and Employees shall adhere to all laws providing equal opportunity to all citizens, clients of MHDC, and persons who do business with MHDC. Commissioners and Employees shall not engage in any form of harassment or discrimination, including harassment or discrimination on the basis of race, color, religion, national origin, ancestry, sex, age, sexual orientation or disability either at the workplace or in any context dealing with MHDC business.
5. Commissioners and Employees shall conduct the business of MHDC in a manner which inspires public confidence and trust and shall strive to avoid situations creating the appearance that they are violating these Standards of Conduct.
6. Commissioners and Employees shall act impartially and neither dispense, nor accept, special favors or privileges that improperly influence the performance of their official duties.
7. Commissioners and Employees shall not disclose confidential information gained by reason of their public position. The term confidential information shall bear the same meaning as defined in Mo. Rev. Stat. §105.450.5.
8. Commissioners and Employees shall to the best of their ability protect and conserve MHDC property.
9. Commissioners and Employees shall not engage in business with MHDC or state government, hold Financial Interests, or engage in outside employment when such actions are inconsistent with the conscientious performance of their official MHDC duties. Willful violation of this provision shall result in suspension/debarment of the individual and/or entity which has engaged in a Business Relationship with a Commissioner or Employee which is inconsistent with the conscientious performance of their official MHDC duties. The individual and/or entity shall be suspended/debarred from responding to any Competitive Matter, for a period of two years commencing immediately following a determination that the individual or entity and Commissioner or Employee violated this Section 9. Notwithstanding the foregoing, nothing in this Section 9 is intended to create a prohibition on a Commissioner or Employee from having non-direct and passive investment interests which otherwise would constitute a violation of this Section 9. Furthermore, a Commissioner or Employee may have a direct Financial Interest which would otherwise be a violation of this Section 9, if the Financial Interest in question is placed in a blind trust prior to, and for the duration of, their status as a Commissioner or Employee.
10. The revised statutes of the state of Missouri contain provisions which address employment options for Commissioners and Employees following their discontinuation of service to MHDC (Mo.Rev.Stat. §105.454(5-6)). MHDC wishes to expressly incorporate into these Standards of Conduct these sections and the statutorily established definitions reference therein, as both may be amended from time to time.

Furthermore, Limited Individuals are disallowed from accepting an offer of employment from any Interested Party while they retain their position with MHDC. Any entity which establishes an employee or contractual relationship with a Limited Individual while the Limited Individual retains their position with MHDC shall be suspended /debarred for two years, commencing on the date the Commission determines the entity established prohibited relationship.

All Interested Parties shall, as part of a response to any Competitive Matter, disclose the name of any former Commissioner or Employee whom they employ or with whom they have a contractual relationship.

11. Commissioners and Employees shall not purchase or sell MHDC Securities. If a Commissioner or Employee does purchase or sell a MHDC Security during or prior to their service with MHDC, they shall notify the Director, Chair, and Counsel of such action. Any newly appointed Commissioner or newly hired Employee is required to divest his/her interest in any MHDC Security upon the first year anniversary of their relationship with MHDC or at the time they have the ability to sell the MHDC Security at a yield which would match or exceed the yield of an investment in a 10 year U.S. Treasury for the period of time for which the Commissioner or Employee has owned the MHDC Security, whichever occurs first. If prior to divesting any MHDC Security, a Commissioner or Employee has a Conflict as a result of the same the Commissioner or Employee shall follow the disclosure and recusal provisions provided for in these Standards of Conduct. Nothing in this Section 11 is intended to create a prohibition on a Commissioner or Employee from having non-direct, passive investment interest which may, but for this exception, violate this Section 11. Furthermore, a Commissioner or Employee may hold a direct Financial Interest which would otherwise constitute a violation of this provision, if the Financial Interest in question is placed in a blind trust prior to, and for the duration of, their status as a Commissioner or Employee.
12. Commissioners and Employees shall not knowingly invest in businesses that transact business with MHDC unless they fully disclose the nature of their investment and recuse themselves from any aspect of MHDC decision-making regarding the business in question. Disclosure and recusal shall be done in the manner described in Section 2 of these Standards of Conduct.
13. Commissioners and Employees shall not solicit, accept or retain any Consideration in exchange for taking any action or refraining from taking an action in their capacity as a Commissioner or Employee of MHDC.

Commissioners and Employees shall not accept any Benefit if the giver has a business relationship with MHDC. The Commissioner or Employee has an affirmative duty to inquire of the Director, the Chair and Counsel regarding the Benefit in question and the Counsel will determine if MHDC has a business relationship with the granting party prior to Employee receiving Benefit.

Commissioners and Employees may not accept payment of travel, lodging expenses or meals in connection with speaking engagements, conferences, conventions, association meetings, or similar functions other than the properly requested and process MHDC per diem amounts reimbursed from MHDC. Violation of this Section 13 will be handled in accordance with Section 18 of these Standards of Conduct, and any Conflict shall be disclosed during an open portion of a regular meeting of the MHDC.

14. Commissioners and Employees who run for or hold elective office may accept campaign contributions that are lawfully made, recorded and disclosed pursuant to applicable federal and state laws. However, this authorization is not an exception to the prohibition on receiving consideration in exchange for taking or refraining from taking an action in one's capacity as a Commissioner or Employee. Elected Commissioners shall have an affirmative duty to determine whether a given contribution would amount to a Conflict and, if so determined, notify the

proper individuals pursuant to Section 2 herein. For the avoidance of doubt, Elected Commissioners who have identified a Conflict concerning a given campaign contribution shall recuse themselves from any Commissioner vote concerning the Conflict in the manner described in Section 2 herein.

15. Commissioners and Employees shall file all financial disclosure statements required by law with the appropriate agencies, including the Missouri Ethics Commission.
16. Commissioners who are unsure whether taking action or refraining from action would violate these Standards of Conduct shall seek guidance from Counsel. Employees who are unsure whether taking action or refraining from action would violate these Standards of Conduct shall disclose the potential Conflict to Counsel and abide by Counsel's directive.
17. In any application under a Competitive Matter, the applicant shall disclose the Owner and if applicable, the composition of their Development Team. MHDC is not charged with reviewing the disclosures provided for accuracy, completeness or validity, however, if brought to its attention, the MHDC will review allegations that an application willfully failed to comply with this provision. If MHDC determines that an applicant willfully failed to provide accurate information pursuant to this section the Owner shall be suspended/debarred from applying pursuant to a Competitive Matter for a period of two years from the time a violation under this provision is determined.
18. Commissioners who violate these Standards of Conduct may be subject to appropriate lawful action by MHDC, and, if warranted, be reported to the Missouri Ethics Commission and/or appropriate law enforcement authorities. Employees who violate these Standards of Conduct may be subject to appropriate lawful action by their supervisors, MHDC, and, if warranted, be reported to the Missouri Ethics Commission and/or appropriate law enforcement authorities.

On August 28, 2009, the Counsel provided the Commission in an open regular meeting a process for reviewing violations of Section 9, 10, 17 and the Contact with Commissioners and Employees Policy of these Standards of Conduct. These procedures required a vote of the Commission in an open regular meeting of the MHDC. Based on the Counsel's review process, the Counsel shall provide a recommendation to the Commission in open regular meeting as to whether a violation has occurred that should result in the applicable remedy being enforced. The Commission shall then take a vote in open regular meeting as to whether the remedy should be implemented against the entity or individual making the violation. The Counsel and Director shall be responsible for ensuring full enforcement of remedies put in place by vote of the MHDC.

CONTACT WITH COMMISSIONERS AND EMPLOYEES

Commissioners and Employees may at any time and for any legal purpose initiate contact with anyone, including Interested Parties or agents of Interested Parties in the course of investigating any Competitive Matter.

If an Interested Party initiates communication, in any form, with a Commissioner or Employee regarding a Competitive Matter following submission of the Interested Parties proposal, application, bid or response, the Interested Party shall follow the following disclosure procedure: Within 24 hours of contacting a Commissioner or Employee, the Interested Party must file a written notice of the contact with MHDC. The written notice will include a written description of any oral communication from the Interested Party to the Commissioner or Employee, and the written notice will include copies of any

written or recorded materials provided to the Commissioner or Employee. In addition, within 24 hours of filing the notice of contact with MHDC, the MHDC staff will deliver, either in person, by facsimile, or electronic mail or through overnight courier, a copy of the notice (including any attachments) to each and every other Interested Party.

During the Quiet Period, Interested Parties shall not initiate contact with Commissioners or Employees.

Failure to honor the provisions set forth herein regarding the Disclosure Period and/or Quiet Period shall result in the disqualification of the Interested Party's proposal, application, bid or response.

The Counsel shall provide each Commissioner and Employee with a memo detailing the current disclosure and quiet period.

EXHIBIT A – DEFINITIONS

"Benefit" - Gifts, meals, favors, or anything of value or personal benefit

"Business Relationship" -Two or more parties being related or interrelated for the purpose of transaction business of any kind

"Chair" -The chairperson of MHDC as elected by MHDC

"Commissioner" -All appointed and ex officio members of MHDC, including all proper designees of any member which are authorized to vote on behalf of the member they represent

"Competitive Matter" -Any matter which shall be put to the Commission for a vote where two or more Interested Parties could benefit from an outcome of the vote, including, but not limited to the award of any MHDC controlled or administered resources and any Commission approved contracts for services

"Conflict(s)" -All conflicts of interest, potential conflicts of interest and situations where there may be any appearance of impropriety

"Consideration" -Any personal benefit, gift, favor, service, loan, fee, bribe, kickback or other compensation

"Counsel" -The general counsel of MHDC

"Development Team" -The contractor, property manager, consultant, attorney, accountant, architect, title company, surveyor, physical needs firm, environmental firm, equity investor(s), bond purchaser, bond counsel, bond trustee, registered lobbyist

"Director" -The executive director of MHDC

"Disclosure Period" -The period of time after an Interested Party submits a proposal, application, bid or response in a Competitive Matter

"Division" -The divisions of MHDC include: rental production, finance, asset management, operations, and general counsel

"Division Director" -The highest ranking Employee in each of the Divisions of MHDC

"Elected Commissioners" -The ex-officio members of MHDC

"Employee" -The Director and all employees of MHDC

"Interested Party" -Any person or entity (or anyone acting at their direction or on their behalf) who submits a proposal, application, bid or response to a solicitation, request, notice or invitation to do so vis-a-vis a Competitive Matter

"Limited Individuals" -The Commissioners, Director, Counsel, and Division Directors

"MHDC" - the Missouri Housing Development Commission, a governmental instrumentality of the state of Missouri

"MHDC Security" -Any instrument of investment issued by MHDC

"Owner" -The individual, entity or entities applying for MHDC owned or controlled resources, along with each general partner, member or other type of ownership interest in the ownership entity and the developer entity, all reduced to their respective Principal level irrespective of the number of entity layers which may be present for any entity. Furthermore, non-profit entities disclosed under Section 17 shall describe all subsidiaries of the non-profit entity as well as disclosure of all such entity's board members.

"Principal" - Any human being who has any interest in an entity identified as a result of a disclosure of the Owner

"Quiet Period" -The period consisting of seven days prior to a scheduled MHDC decision on a Competitive Matter

"Standards of Conduct" -The policy of MHDC which describes for Commissioners and Employees the standards of acceptable behavior in connection with their MHDC activity

"Sunshine Law" -The state of Missouri open records law as codified at Mo.Rev.Stat. §§610.010-225, as may be amended from time to time

MHDC Standards of Conduct Violation Review Process

Adopted 8/28/2009

At the July 31, 2009, meeting of the Missouri Housing Development Commission, a new Standards of Conduct policy (SOC) was adopted by affirmative vote of the Commission. Incorporated into the adopted SOC is a directive that the MHDC Counsel provides to the Commission, in an open regular meeting, a process for reviewing violations of sections 9, 10, 17 and the Contact with Commissioners and Employees Policy in the MHDC SOC. This document, as presented to the Commission for consideration on August 28, 2009, shall serve as the guide for that process.

Any suspension or debarment contemplated under the SOC shall be taken up in accordance with the formally promulgated administrative rules relating to suspension and debarment then in place. The reason why the formal rules must be followed is that it is imperative that MHDC, as an instrumentality of the state, affords due process to any party which MHDC may desire to suspend or debar. The process described below in relation to the four sections of the SOC shall determine the process Counsel will take in determining when to bring matters to the Commission for a vote on whether or not to initiate the formal suspension and/or debarment procedures identified in the administrative rules.

The Counsel is authorized by the Commission to assess those matters brought to his/her attention for the express purpose of determining whether or not the matter rises to a violation of the SOC. In doing so, the Counsel is empowered to engage outside counsel to investigate any matter where the Counsel

deems that the use of independent counsel would be in the best interest of MHDC. This overarching principal will be universally applied in regards to reviewing potential violations of Sections 9, 10, 17 and the Contact with Commissioners and Employees Policy in the MHDC SOC.

SECTION 9

Section 9 of the MHDC SOC states that, "Commissioners and Employees shall not engage in business with MHDC or state government, hold Financial Interests, or engage in outside employment when such actions are inconsistent with the conscientious performance of their official MHDC duties." This provision is not a prohibition on engaging in business with MHDC or state government, holding Financial interests, or engaging in outside employment; rather, it is a provision which turns on whether such activities are inconsistent with the conscientious performance of the Commissioner's or Employee's official MHDC duties. Upon receiving notice from any source that a Commissioner or Employee is engaged in business with MHDC or state government, holds Financial Interests or is engaging in outside employment which the reporting individual or entity posits is inconsistent with the conscientious performance of his/her official MHDC duties, the Counsel shall follow the following procedures:

- a) Collect the name and contact information for the individual providing the information. If the party providing the information is unwilling to provide such information, the Counsel will weigh this information when determining the veracity of the report.
- b) Research the factual veracity of the report.
- c) Determine whether or not the business with MHDC or state government, holding of Financial Interests, or engagement of outside employment is inconsistent with the conscientious performance of the Commissioner's or Employee's official MHDC duties. The general standard to be applied to the facts would be a reasonable person standard (for example: would a reasonable person determine that this business relationship is inconsistent with the conscientious performance of the Commissioner's or Employee's official MHDC duties).
- d) Upon completion of step "c," the Counsel will draft a memorandum explaining the report, the factual findings regarding the business activity, and his determination regarding whether or not the business activity rises to the level of being inconsistent with the conscientious performance of the Commissioner's or Employee's official MHDC duties.
- e) In the event that the Counsel's memorandum includes a determination that the business activities are not inconsistent with the Commissioner's or Employee's official MHDC duties, the Counsel shall retain a copy of the memorandum and take no further action.
- f) In the event that the Counsel's memorandum includes a determination that the business activities are inconsistent with the Commissioner's or Employee's official MHDC duties, the Counsel shall then determine whether or not the Commissioner or Employee willfully violated this provision. The "willfully" standard which the Counsel shall use will be "Did the Commissioner or Employee have actual knowledge that their business activities were inconsistent with the Commissioner's or Employee's official MHDC duties?". If the Counsel determines that the Commissioner or Employee willfully violated the provisions of this section, he or she shall provide the factual analysis which resulted in the determination as part of the memo generated under step "d" of this process. The Counsel shall provide the Chair with a copy of the memorandum generated under step "d," along with a

determination whether or not the Commissioner or Employee willfully violated the provisions of this section and any evidence collected during the review of the business relationship in question and the willful violation determination. The Chair, upon receipt of the determination memo which includes a finding that the business activities are inconsistent with the Commissioner's or Employee's official MHDC duties and that the Commissioner or Employee willfully violated the provisions of this section, the Chair shall including the matter discussed therein on the agenda for the next meeting of the full Commission.

In the event that the business relationship in question involves the Counsel, this procedure shall be referred to the Director who shall engage outside counsel to follow the above described steps. In the event that the business relationship in question involves the Chair, procedure step "f" shall be brought directly to the full Commission for consideration. Commissioners and Employees are encouraged to seek an opinion of Counsel regarding any business relationship which may be a potential violation under Section 9.

SECTION 10

Section 10 of the SOC addresses certain limitations on MHDC Commissioners and Employees vis-à-vis future employment. This section contains three distinct ideas.

One idea addressed in Section 10 is an informational reference to Section 105.454(5-6), RSMo., which is intended to reasonably apprise Commissioners and Employees that state law exists which addresses how Commissioners and Employees must conduct their business following termination of their relationship with MHDC as it pertains to future business which may come before the Commission.

Another idea addressed in Section 10 is a responsibility for all Interested Parties as a part of any application under any Competitive Matter to disclose the names of any former Commissioners and Employees whom they employ and/or with whom they have a contractual relationship.

The final idea addressed in Section 10 is that Limited Individuals are not allowed to accept an offer of employment while they retain their position with MHDC. If it is determined that a Limited Individual establishes an employee relationship with an Interested Party, during their term of employment the Interested Party shall be debarred for two years from the date on which the Commission determines that the entity established the prohibited relationship. Upon receiving notice from any source that a Limited Individual has established a prohibited relationship, the Counsel shall follow the following procedures:

- a) Collect the name and contact information for the individual providing the information. If the party providing the information is unwilling to provide such information, the Counsel will weigh this information when determining the veracity of the report.
- b) Research the factual veracity of the report.
- c) Determine whether or not the prohibited employee relationship was established while the Limited Individual retained his/her position with MHDC.
- d) Upon completion of step "c," the Counsel will draft a memorandum explaining the report and the factual findings regarding the prohibited relationship in question.
- e) In the event that the Counsel's memorandum includes a determination that the employment relationship was not entered into while the Limited Individual retained their

position with MHDC, the Counsel shall retain a copy of the memorandum and take no further action.

- f) In the event that the Counsel's memorandum includes a determination that the employment relationship was entered into while the Limited Individual retained their position with MHDC, the Counsel shall report the matter to the Chair for inclusion on the agenda at the next meeting of the full Commission. The Counsel shall provide the Chair a copy of the memorandum generated under step "d" and any evidence collected during the review of the business relationship in question.

In the event that the employment relationship in question involves the Counsel, this procedure shall be referred to the Director who shall engage outside counsel to follow the above described steps. In the event that the business relationship in question involves the Chair, procedure step "f" shall be brought directly to the full Commission for consideration.

SECTION 17

Section 17 requires all applicants under a Competitive Matter to disclose the Owner and if applicable, the composition of its Development Team. If an applicant under a Competitive Matter is determined to have willfully failed to comply with this requirement, he/she will be suspended or debarred from applying under a Competitive Matter for a period of two years from the time a violation of this provision is determined. Upon receiving notice from any source that an applicant has violated the disclosure requirements under Section 17, the Counsel shall follow the following procedures:

- a) Collect the name and contact information for the individual providing the information. If the party providing the information is unwilling to provide such information, the Counsel will weigh this information when determining the veracity of the report.
- b) Research the factual veracity of the report.
- c) Determine whether or not the application disclosure submitted by the applicant failed to disclose a party which should have been disclosed under Section 17.
- d) Upon completion of step "c," the Counsel will draft a memorandum explaining the report, the factual findings regarding Section 17 disclosure(s) in question.
- e) In the event that the Counsel's memorandum includes a determination that there was not an improper withholding of a Section 17 disclosure, the Counsel shall retain a copy of the memorandum and take no further action.
- f) In the event that the Counsel's memorandum includes a determination that there was a Section 17 disclosure withheld, the Counsel shall then determine whether or not the applicant willfully violated Section 17 by knowingly not providing the disclosure. The "willfully" standard which the Counsel shall use will be "did the applicant have actual knowledge that they had a business relationship with the party which needed to be disclosed under Section 17." If the Counsel determines that the applicant willfully violated the provisions of this section, he or she shall document this in addition to the memo generated under step "d" of this process. The Counsel shall provide the Chair with a copy of the memorandum generated under step "d," along with a determination whether or not the Commissioner or Employee willfully violated the provisions of this section and any evidence collected during his/her review of the Section 17 disclosures in question and subsequent

“willful violation” determination. The Chair, upon receipt of the determination memo from the Counsel which includes a finding that the applicant willfully violated Section 17 of the SOC, the Chair shall include the matter discussed therein on the agenda for the next meeting of the full Commission.

CONTACT WITH COMMISSIONERS AND EMPLOYEES POLICY

The SOC establishes rules regarding communication initiated by an Interested Party in relation to a Competitive Matter. If there is a violation of this process, the Interested Party’s application, bid, response, etc., shall be disqualified. If Counsel is notified of a potential violation under the Contract with Commissioner and Employees Policy, the following procedure shall be followed:

- a) Collect the name and contact information for the individual providing the information. If the party providing the information is unwilling to provide such information, the Counsel will weigh this information when determining the veracity of the report.
- b) Research the factual veracity of the report.
- c) Determine whether or not there was a violation of either the Disclosure Protocol or the Quiet Period Interested Party initiated communication moratorium.
- d) Upon completion of step “c,” the Counsel will draft a memorandum explaining the report and the factual findings regarding a violation of either the Disclosure Protocol or the Quiet Period Interested Party initiated communication moratorium.
- e) In the event that the Counsel’s memorandum includes a determination that there was not a violation of either the Disclosure Protocol or the Quiet Period Interested Party initiated communication moratorium, the Counsel shall retain a copy of the memorandum and take no further action.
- f) In the event that the Counsel’s memorandum includes a determination that there was a violation of either the Disclosure Protocol or the Quiet Period Interested Party initiated communication moratorium, the Counsel shall provide the Chair with a copy of the memorandum generated under step “d,” and any evidence collected during his/her review of the violation in question. Upon receipt of the determination memo that Chair shall place the matter on the agenda at the next meeting of the full Commission. In the event that the communication which resulted in the violation of either the Disclosure Protocol or the Quiet Period Interested Party initiated communication moratorium was the Chair, the procedure “f” shall be brought directly to the full Commission for consideration.

No Solicitation

Adopted 8/28/2009

For purposes of this policy, solicitation is defined as the receipt of or request for any donated goods or services.

No solicitation, as defined above, of vendors or other third parties shall be conducted by any employee of the Missouri Housing Development Commission.

Sunshine Law

Adopted 8/28/2009

The Missouri Housing Development Commission shall comply with the Sunshine Law of the state of Missouri as described in Chapter 610, RSMo, with the intent that the meetings and records of this Commission shall be open to the public unless otherwise provided by law.

In matters relating to the costs associated with the production of information for requests made under the provisions of the Sunshine Law, it is the policy of MHDC to seek payment for only those requests which result in costs in excess of \$10.

The executive director of MHDC shall appoint the MHDC custodian of records.

Eligibility to Do Business with MHDC

Adopted 8/28/2009

Guidelines to determine when a developer/owner/manager or project is ineligible, due to past activities, to do business with the Commission:

1. Applications will not be accepted from an applicant who is the owner or general partner of a property in default or in non-compliance for an existing loan.
2. Applications will not be accepted from an applicant who is the owner or general partner of a Section 42 development that is currently in noncompliance due to site audits or a failure to comply with the owner's reporting requirements.
3. Applications will not be accepted from an applicant who has knowingly made fraudulent certifications or misrepresentations to the Commission.
4. Those persons who have been indicted for fraudulent action, until such time as their case is adjudicated, shall not be allowed to participate in any new development in any capacity.
5. Parties who have been convicted of fraudulent activities shall be suspended permanently from all development activity under the Commission's control.
6. Persons who have been banned from doing business with HUD and/or RD shall not be allowed to participate in any new development in any capacity.
7. Those persons who have been banned from doing business with MHDC as a result of an action by the Asset Management Committee shall not be allowed to participate in any new development in any capacity until such time as the Asset Management Committee has confirmed that any conditions for reinstatement have been met.
8. Applications will not be accepted from principals who have serious and/or repeated non-performance or non-compliance issues in Missouri or any other state before or after the time of application. Prior performance issues considered might include, but is not limited to, progress made with previous tax credit reservations, development compliance and payment of fees, and/or violation of the MHDC Workforce Eligibility Policy.

Other items can be determined in the fiscal and physical review of the proposal on a case by case basis.

Exigent Circumstances

Adopted 8/28/2009

In the event of exigent circumstances, staff is authorized to take any appropriate action(s) to carry out any approved policy of the Commission.

Business Judgment

Adopted 8/28/2009

In the event that there is a matter, circumstance or situation which does not specifically fit within a proscribed statute, regulation, or policy of MHDC the Commissioners and staff shall always act in a manner which is compliant with the Business Judgment Rule. The Business Judgment Rule is a concept under which the Commissioners and staff of the organization are clothed with the presumption of being motivated in their conduct by a bona fide regard for the interests of the organization. The Business Judgment Rule requires that Commissioners and staff act in good faith, with the care that an ordinarily prudent person, in a like position, would exercise under similar circumstances and in a manner reasonably believed to be in the best interests of the organization.

Professional Services

Adopted 12/18/2009

In the event that there is a need to obtain professional services for any staff member in connection with his/her role with the Missouri Housing Development Commission, a letter of engagement outlining the scope of the work and the amounts to be charged, including a ceiling of the estimated charges, shall be presented to the Chairman of the Commission for approval prior to incurring the expense. To the extent that the professional services are a result of an action involving the Chairman, the letter of engagement for the professional services shall be submitted to the Commission as a whole for approval. All requests for payment for professional services shall be invoiced directly to MHDC and shall be paid directly by MHDC.

Multifamily Housing Programs

Adopted 8/28/2009

MHDC's multifamily housing programs shall be administered by the Rental Production and Asset Management departments. Multifamily housing programs include the financing of affordable rental housing with the federal and state low income housing tax credit, the state Affordable Housing Assistance Program tax credit, HOME funds, MHDC Fund Balances, MHDC issued tax-exempt bonds, Risk Share insurance or any other Rental Production program which from time to time may be undertaken by MHDC. The Rental Production department shall oversee these programs from the application process through the completion of construction and final allocation of tax credits and/or the permanent loan closing. The Asset Management department shall oversee compliance with all applicable MHDC, state, and federal guidelines from the beginning of each development's rental period through the end of the appropriate compliance period.

The Rental Production and Asset Management departments shall develop guides, forms, and processes to responsibly administer the federal and Missouri multifamily housing programs including but not limited to the federal Low Income Housing Tax Credit (26 USCA §42), the Missouri Low Income Housing Tax Credit (capital Mo.Rev.Stat. §§32.105-32.125), tax-exempt bond financing (26 USCA §143), the HUD Risk Sharing Insurance Program (24 CFR 542(c)) and the HOME Investment Partnerships Program Final Rule (24 CFR 92). The below enunciated documents and procedures shall govern the activities and performance of the developers and developments seeking and receiving MHDC administered funding. MHDC staff issued guidebooks shall include but are not limited to the following:

- Developer's Guide to MHDC Multifamily Programs
- Architectural Guidelines
- Physical Needs Assessment Guidelines
- Environmental Review Guidelines
- Market Study Guidelines
- Relocation Guidelines
- Construction Disbursement Handbook
- Section 3 Guidelines
- Cost Certification Guide
- Homeownership Policy
- Compliance Manuals

Guides, forms, and processes shall be revised as needed to incorporate new developments in federal and state regulations and industry standards and implement process improvements.

Rental Production staff shall assist in the preparation of the qualified allocation plan for annual review and approval by Commissioners.

Flood Plain

Adopted 8/28/2009

RENTAL PRODUCTION

MHDC shall not knowingly approve loans, federal or state tax credits, grants, or rental assistance for any multifamily residential development which proposes the construction of new buildings in a 100-year flood plain. Should such a development be inadvertently approved to participate in MHDC's Rental Production of bottom programs despite staff's best efforts to determine the flood risk of the proposed development, the funding approval shall be rescinded.

MHDC may consider approvals for funding for other properties located in designated flood area subject to the following conditions:

- New construction developments proposed in a 500-year flood plain must be designed whenever possible to place all building improvements, ingress and egress outside a flood plain. If it is possible to do so, the owner must maintain flood insurance on all improvements located in the flood plain. Developments receiving HOME funds or Risk Share insurance shall be required to proceed through the eight-step environmental review process in accordance with federal requirements as they may be amended from time to time (currently HUD regulations

24 CFR §55.20) ("Eight-Step Process") if the intended occupants of the property may not be sufficiently mobile to avoid loss of life or injury due to flooding or storm events.

- Properties proposed for rehabilitation which are located in a 100-year flood plain must include the construction of flood mitigation features in scope of work, and the owner must maintain flood insurance on all improvements located in the flood plain. Developments receiving HOME funds or Risk Share insurance shall be required to proceed through the eight step process in all instances.
- Properties proposed for rehabilitation which are located in a 500-year flood plain must include the construction of flood mitigation features in its scope of work, and the owner must maintain flood insurance on all improvements located in the flood plain. Developments receiving HOME funds or Risk Share insurance shall be required to proceed through the Eight-Step Process if the intended occupants of the property may not be sufficiently mobile to avoid loss of life or injury due to flooding or storm events.

HOME REPAIR

Non-profit organizations administering HOME funds through the HOME Repair program must provide MHDC with the standard flood hazard determination letter for all homes being proposed to receive program funds. MHDC shall approve or reject proposals based on the following flood zone ratings:

- Zone A (100-year flood plain) – not acceptable for approval;
- Zone B (500-year flood plain) – acceptable upon completion of the Eight-Step Process (24 CFR §55.20);
- Zone C (1000-year flood plain) – acceptable;
- Zone X (moderate to minimal flood hazard) – acceptable upon completion of the Eight-Step Process (24 CFR §55.20).

Local Participation

Adopted 8/28/2009

MHDC desires that local officials and the public be given the opportunity to make comment to MHDC on each application for Low Income Housing Tax Credits, MHDC Fund Balance loans, HOME funds, and Risk Share insurance submitted for their community.

1. MHDC shall require that as a pre-condition for application acceptance, developers must notify the chief elected local official of the site of the proposed development and provide such official with the opportunity to discuss the development.
2. MHDC shall provide written notice to the chief elected local official of the site of the proposed development when the application is submitted to MHDC. The notice will invite written comments from the chief elected official (including any comments submitted to the chief elected official by other interested parties).
3. MHDC shall provide comparable written notice to the state senator and state representative in whose district the proposed development is located.
4. After the deadline for receiving applications for proposed developments, MHDC shall hold public hearings in a centrally located public building in St. Louis, Kansas City, Columbia, and Springfield, open to the public, where the public shall have the opportunity to submit oral or written comments on the merits of any development proposed for the local community. The Executive

Director, General Counsel, Director of Asset Management, Director of Operations, or Director of Rental Production shall attend all such meetings, and all Commissioners shall be encouraged to attend as many such meetings as possible. All proposed developments for a given region will be presented for public comment at the regional meeting. MHDC staff will describe the project (as submitted) and explain the nature of the financial assistance being requested from MHDC. MHDC shall record the minutes of the meeting and include any comments received on a development with the application for that development. If an interested party is unable to attend the meeting, he or she may submit written comments which will be included in the record.

5. At least two weeks (but not more than one month) prior to the public meetings described immediately above, MHDC shall publish a notice in the local newspaper of the time and place of the regional public meeting where public comment will be received regarding local developments submitted for MHDC financial assistance. The notice shall state that at the meeting, the public may make oral comments or submit written comments on the merit of a given development. The notice will also clearly identify each proposed development in the community upon which comments can be made.

MHDC Review Criteria

Adopted 8/28/2009

MHDC staff shall establish criteria for review and evaluation of applications for Low Income Housing Tax Credits, MHDC Fund Balance loans, HOME funds, Risk Share insurance, and any other MHDC funding source properly administered by the MHDC Rental Production department. Staff may also establish criteria from time to time that establishes a threshold for priorities that may be important to the needs of the state and its residents, such as a priority related to preservation, sustainable housing, workforce housing, and service-enriched housing.

The criteria shall be reviewed annually by staff and, upon the approval of the board of Commissioners, published in the Qualified Allocation Plan and Developer's Guide to MHDC Multifamily Programs.

Appeal Process

Adopted 8/28/2009

Applicants and approved recipients of MHDC-administered funding may appeal a decision rendered by the Commission at a regular or special meeting when the decision is related to the approval or denial of 4% low income housing tax credits or an increase to a funding amount that is previously received Commission approval. In these instances, the Commission will grant one appeal hearing if requested in accordance with MHDC appeal procedures.

An appeal process is not available for Commission decisions related to the reservation of funding for an application for tax credits, loans or grants that are restricted by an annual cap or allocation.

Homeownership

Adopted 8/28/2009

MHDC recognizes and supports the provisions of the IRS Code which allows single-family rental homes financed with Low Income Housing Tax Credits to be offered for sale to the households residing in those homes at the completion of the initial 15-year compliance period. The Commissioners authorize staff to implement policies for developers and owners of single-family rental/homeownership developments in order to establish requirements for initial application, notification and education of residents, determination of sales prices and discount, and eventual conversion of the development from rental to homeownership. The purpose of said policy shall be to ensure compliance with the IRS Code requirements, encourage effective preparation of residents for homeownership, and promote the highest achievable level of affordability.

Bond Financed Multifamily Rental Developments

Adopted 8/28/2009

It has come to the attention of the Commission that certain affordable rental developments financed with tax exempt bonds and tax credits have had undocumented workers engaged in construction activities.

The Commission takes seriously its stewardship of these affordable housing programs and its role of being the tax credit allocator and administrator of these programs for the federal government and the state of Missouri.

In order to comply with requirements and regulations governing the allocation of the federal LIHTC and the state LIHTC, and to address the issues raised above regarding the use of undocumented workers, MHDC hereby adopts the following policy.

1. If MHDC is the issuer of the bonds, MHDC will not allocate federal housing tax credits or state housing tax credits in connection with any tax exempt bond financed transaction unless the owner and its principles agree to comply with IRC section 42, and all relevant Missouri statutes, and all rules and regulations promulgated thereunder, all federal, state and local labor laws, including any prevailing wage requirements, all MHDC requirements as set forth in the Qualified Allocation Plan and the MHDC Workforce Eligibility Policy.
2. If MHDC is not the issuer of the bonds in connection with any tax exempt bond financed transaction, but receives an application and/or request to allocate the federal housing tax credits and/or the state housing tax credits, MHDC will not issue any tax credits unless the owner and its principles agree to comply with IRC section 42, and all relevant Missouri statutes, and all rules and regulations promulgated thereunder, all federal, state and local labor laws, including any prevailing wage requirements, all MHDC requirements as set forth in the Qualified Allocation Plan and the MHDC Workforce Eligibility Policy.
3. The local bond issuer shall agree to require in the bond documents that the owner and its principles comply with relevant Missouri statutes, all federal, state and local labor laws, including any prevailing wage requirements and the MHDC Workforce Eligibility Policy.

Workforce Eligibility

Adopted 9/17/2010

The Missouri Housing Development Commission ("MHDC") hereby establishes a workforce eligibility policy. This policy replaces any and all prior MHDC policies regarding workforce eligibility, including the Workforce Eligibility Policy (passed on March 17, 2006), the Policy for Bond Financed Multifamily Developments (passed on May 2, 2006), the Workforce Eligibility Policy clarification memorandum (passed on November 17, 2007) and all Workforce Compliance Handbooks.

This policy is applicable to all business entities who receive funding from the MHDC in the form of a grant, tax-credit(s) or loan(s) for the purpose of developing rental housing developments (collectively "Resources"). This policy does not extend to the Missouri Housing Trust Fund, any single family program and the affordable housing assistance program.

Any Business Entity receiving Resources shall:

- 1) Provide MHDC with an original sworn affidavit which affirms, under penalty of perjury, that the Business Entity is enrolled and actively participating in a federal work authorization program and that the Business Entity does not knowingly employ any person who is an Unauthorized Alien in connection with the contracted services;
- 2) Require their General Contractor to provide MHDC with an original sworn affidavit which affirms, under penalty of perjury, that the General Contractor is enrolled and actively participating in a federal work authorization program, that the General Contractor does not knowingly employ any person who is an Unauthorized Alien in connection with the contracted services, and that the General Contractor's employees are lawfully present in the United States;
- 3) Require that their General Contractor obtain, and make available for inspection by MHDC, from each subcontractor of any tier, an original sworn affidavit which affirms, under penalty of perjury, that the subcontractor is enrolled and actively participating in a federal work authorization program, that the subcontractor does not knowingly employ any person who is an Unauthorized Alien in connection with the contracted services, and that the subcontractor's employees are lawfully present in the United States;
- 4) Provide MHDC with documentation which shows to the satisfaction of MHDC that the Business Entity and their General Contractor have enrolled in a federal work authorization program. An example of a provision of documentation which meets this requirement is a copy of the E-Verify memorandum of understanding;
- 5) Require their General Contractor to obtain, make available for inspection by MHDC, and provide copies as requested, from each subcontractor of any tier, documentation which shows to the satisfaction of MHDC that the subcontractor has enrolled in a Federal Work Authorization program.
- 6) Require a provision which stipulates that "the Contractor shall comply with all applicable federal, state and local labor laws and is not Knowingly in violation of RSMo §285.530(1) and shall not henceforth be in such violation" to appear in its contract with the general contractor, in contracts between the general contractor and subcontractors, and contracts between subcontractors of any tier.

7) Require a provision which stipulates that the Contractor shall comply with RSMo. §285.230, §285.233, §285.234, §285.500 – 285.515, and §285.550.

8) Require a provision which stipulates that the Contractor for the purposes of construction of an MHDC project and any subcontractor to such contractor shall provide a ten-hour Occupational Safety and Health Administration (OSHA) construction safety program for their on-site employees which includes a course in construction safety and health approved by OSHA or a similar program approved by the department which is at least as stringent as an approved OSHA program, unless such employees have previously completed the required program. All employees who have not previously completed the program are required to complete the program within sixty days of beginning work on such construction project.

The terms capitalized herein shall have the following meaning:

Business Entity - any person or group of persons performing or engaging in any activity, enterprise, profession, or occupation for gain, benefit, advantage, or livelihood. The term "business entity" shall include but not be limited to self-employed individuals, partnerships, corporations, contractors, and subcontractors. The term "business entity" shall include any business entity that possesses a business permit, license, or tax certificate issued by the state, any business entity that is exempt by law from obtaining such a business permit, and any business entity that is operating unlawfully without such a business permit. The term "business entity" shall not include a self-employed individual with no employees or entities utilizing the services of direct sellers as defined in subdivision (17) of subsection 12 of section 288.034, RSMo.

Contractor - a person, employer, or business entity that enters into an agreement to perform any service or work or to provide a certain product in exchange for valuable consideration. This definition shall include but not be limited to a general contractor, subcontractor, independent contractor, contract employee, project manager, or a recruiting or staffing entity.

Employees - any person performing work or service of any kind or character for hire within the state of Missouri.

Federal Work Authorization Program - any of the electronic verification of work authorization programs operated by the United States Department of Homeland Security or an equivalent federal work authorization program operated by the United States Department of Homeland Security to verify information of newly hired employees, under the Immigration Reform and Control Act of 1986 (IRCA), P.L.99-603.

Knowingly - a person acts knowingly or with knowledge.

Unauthorized Alien - an alien who does not have the legal right or authorization under federal law to work in the United States, as defined in 8 U.S.C. 1324a(h)(3).

Displacement

Adopted 8/28/09

The Commission shall not make a loan on or allocate state Low Income Housing Tax Credits to any property where the residents will be permanently displaced without a relocation plan reviewed and approved by the Commission. The owner shall be required to offer relocation assistance as stipulated in the federal or state regulations applicable to the nature of funding provided to the development.

Relocation

Adopted 8/28/09

Developments receiving state tax credits, MHDC Fund Balance loans, or tax-exempt bonds issued by MHDC are required to provide relocation assistance pursuant to Mo.Rev.Stat §523.205 for all residential and commercial occupants permanently displaced by the acquisition and/or construction of property. MHDC staff shall develop and maintain a relocation policy establishing the required documentation, notification, relocation assistance, relocation payments, and reporting in accordance with the provisions of the statute.

Developer Fee

Adopted 8/28/09

Regardless of the type of low-income housing tax credit for the approval of additional credits for any development receiving an allocation from MHDC, the developer fee may not be increased above the amount recorded in the underwritten form 2013 related to the financing structure originally approved by the Commission and reflected in the conditional reservation.

Deferred developer fee shall be reviewed and approved at every underwriting stage (initial Commission approval/conditional reservation, firm commitment, and final allocation) to not exceed a level which can be reasonably ascertained to be payable from cash flow during the initial 15-year compliance period.

When MHDC is providing subordinate debt requiring payment from surplus cash, the annual principal payment shall receive priority and be payable from a percentage of surplus cash as determined by MHDC before deferred developer fee may be paid. In circumstances in which the MHDC underwriter concludes it is necessary for the feasibility of the development and the security of the tax credits to give deferred developer fee priority payment status, the underwriter, with the approval of the Director of Rental Production, may negotiate a cash flow structure by which the deferred developer fee is paid in whole or in part prior to collecting payments on the MHDC subordinate note. In all cases the firm commitment and the regulatory agreement will reflect the priority of payments.

Construction Inspections

Adopted 8/28/09

MHDC shall assign qualified staff members or employ the services of third-party architects or engineers to inspect all multi family development under construction or rehabilitation which have been approved for federal or state tax credits, MHDC Fund Balance loans, HOME funds, or Risk Share insurance. The inspector shall conduct preconstruction conference, perform monthly visits and submit written reports summarizing construction progress and compliance with MHDC's architectural guidelines. The inspector's approval shall be required on each contractor draw request and change order for developments receiving construction period loans from MHDC.

MHDC staff shall also make periodic visits to ensure compliance with the Workforce Eligibility policies and HUD requirements concerning prevailing wage and section 3 as applicable.

During the construction phase, MHDC shall require the development's architect of record to make site visits to inspect all work and materials once a month. MHDC shall have the right in its sole discretion to require inspections by the architect more frequently as it deems necessary. The architect shall also perform footing/foundation inspections and a complete open wall inspection of each building prior to sheetrock. The architect shall be responsible to inform MHDC of any defects or departures from the plans and specifications as soon as possible, in addition to submitting field reports related to each site inspection.

Forward Commitments

Adopted 8/28/09

MHDC shall not approve under any circumstances, nor shall it consider, any request for forward commitment of MHDC financial assistance of any kind, including but not limited to federal and state Low Income Housing Tax Credits, Affordable Housing Assistance Program tax credits, MHDC Fund Balance loans, HOME funds, tax exempt bonds issued by MHDC for multifamily financing, Risk Share insurance, or any other MHDC administered or controlled resource. Commission approval for financing governed by Notices of Funding Availability (NOFA) is only valid for applications submitted in accordance with program guidelines and deadlines established for the NOFA round in effect at the time of application submission.

Program Fees

Adopted 8/28/09

The Rental Production department shall have the right to set and impose fees for application processing, reservation/allocation of tax credits, compliance monitoring, loan origination, construction inspection, and other reasonable and necessary fees related to administration of its programs. The fees shall be reviewed and determined annually and published in the Developer's Guide to MHDC Multifamily Programs and the AHAP Program Guide.

Modification of Approved Financing

Adopted 8/28/09

Once a development has received Commission approval of Low Income Housing Tax Credits, HOME funds, MHDC Fund Balance, and/or other MHDC administered or controlled resources, staff issues a conditional reservation reflecting the approved financing structure. Staff reviews and re-underwrites each development at the firm commitment stage prior to construction closing and at the cost certification stage following construction completion. It is recognized that changes in construction and operating budgets may be evident during both stages as actual bids are obtained; architectural design or scope of work is finalized; unknown environmental, soil, and structural conditions are discovered; local governmental bodies impose additional requirements; changes in costs, interest rates, and equity pricing fluctuates with the economy; or other changes beyond the developer's control occur.

Staff performs final review of the financing structure upon receipt of the cost certification of final development sources and uses at the completion of construction. Requests made by developers for

additional Low Income Housing Tax Credits may be considered upon satisfactory demonstration that additional credits are necessary for the feasibility of financial strength of the development and the balancing of sources and uses.

MHDC staff shall have the discretion to increase financing up to a maximum of 10% of the original Commission approval for federal and state 9% Low Income Housing Tax Credits, state 4% Low Income Housing Tax Credits, HOME funds, Fund Balance loans, and/or any other MHDC administered or controlled resource based upon the determination that the development warrants additional funds, the increased 9% credits and state 4% credits do not exceed the maximum established in the Qualified Allocation Plan governing the NOFA period under which the original approval was given and the requested funds are available.

Requests for increases greater than 10% of the original Commission approval for federal, HOME funds, or Fund Balance loans were for total annual federal and state 9% Low Income Housing Tax Credits or state 4% Low Income Housing Tax Credits in excess of the maximum established in the applicable QAP must be presented to the Commissioners for review and approval. Staff may present the request with a recommendation to approve or deny the request based upon the availability of requested funds and staff's determination of the feasibility of financial strength of the development without the requested funds.

Income Limits

Adopted 8/28/09

The income limits for those programs controlled by the Commission are increased to 150% of the statewide median income or 150% of the median income of the Standard Metropolitan Statistical Area ("SMSA"), if higher. Where federal funds and/or tax credits are utilized, the lower limitations for those programs prevail.

Construction Loan Program

Adopted 5/13/11

MHDC CONSTRUCTION LOANS

MHDC permits financing of up to 100% of the construction of the development using MHDC Fund Balances or HOME funds. The permanent loan amount may be supplemented with funds borrowed from another entity to comprise the entire construction loan. If Fund Balance is used for construction financing, it will always be in a first position. The construction loan amount may not exceed the total replacement cost indicated on the form 2013 attached to the firm commitment.

The amount of the construction loan above the permanent loan portion shall have a 1% origination fee. The entire construction loan shall be bound at an agreed-upon interest rate such as Prime – 1%, locked at the rate effective on the day of the closing of the construction loan.

MHDC may require recourse during the construction on the entire construction loan. The amount of the construction loan in excess of the permanent loan shall be repaid at conversion. During the construction period, the pay down of the MHDC construction loan will be secured for the difference between the total construction loan and the permanent loan. Acceptable forms of security may include an

assignment of a capital note from an investor for future capital contributions, a collateral assignment of a security interest in the investor partner/member's interest in the entity, an adequately sized letter of credit, and/or any other reasonable instrument(s) determined in MHDC's sole discretion to be satisfactory security to provide assurance of repayment.

All forms of security will be required prior to closing the construction loan and are subject to MHDC review and approval.

PARTICIPATION CONSTRUCTION LOANS

MHDC may enter into a participation agreement with another financing entity to provide construction and permanent financing to developments by leveraging Fund Balance or HOME funds with private financing. The terms to be negotiated shall be underwriting standards, origination fees, interest rates, and security, all of which shall be similar to MHDC's construction loan program. Any participation agreement must result in the minimization of cost to the development thus accomplishing greater affordability for future residents and must protect the financial health of the Commission.

Participation Agreements

Adopted 8/28/09

MHDC, by and through the Executive Director, may pursue arrangements with lending institutions to make and service construction and permanent mortgage loans on residential multifamily properties to further the mission of MHDC by providing affordable housing to low- and moderate-income families. Any such arrangement shall comply with the statutory parameters identified in Mo.Rev.Stat. §215.

Construction Completion Assurance

Adopted 8/28/09

When MHDC is providing construction financing in the form of Fund Balance, HOME, or bond financing, whether MHDC is the sole lender or participating with a private lender, it shall require assurance of construction completion from the general contractor in the form of a completion assurance agreement executed at the construction loan closing. The agreement shall be accompanied by either:

- a) cash or an irrevocable and unconditional letter of credit in the amount of 15% of the construction contract in the form approved by MHDC and provided by a bank approved by MHDC; or
- b) a performance and payment bond in the amount of 100% of the construction contract issued by a surety listed on the US Government Treasury List and rated A- or better by Best's Insurance Guide and approved by MHDC. MHDC must be listed as dual obligee. This option is not available when there is an identity of interests between the owner and the general contractor.

In all instances contemplated in this policy, MHDC shall require a latent defects escrow in the amount of 2.5% of the construction contract.

Servicing Workout Agreement

Adopted 8/28/09

Staff is charged with managing the multifamily and single-family portfolio and is charged with ascertaining developments which pose a risk to the Commission. Staff is charged with developing and implementing strategies which will minimize the risk to the Commission. Staff shall develop guides, forms and processes and enter into servicing workout agreements to achieve this goal.

Surplus Cash/Owner Distribution

Adopted 8/28/09

When MHDC is providing subordinate debt requiring payment from surplus cash, the annual principal payment shall receive priority and be payable from a percentage of surplus cash as established by MHDC before deferred developer fee or any other subordinate obligations of the development may be paid. If the amount of available surplus cash is not sufficient to satisfy the entire required annual payment, the unpaid portion will accrue throughout the life of the loan. If the amount of available surplus cash exceeds the required annual payment, it will be applied first to the current payment due and then to the balance of previously accrued payments, if any. The total outstanding principal and accrued payments shall be due and payable when the development is sold and/or refinanced.

In circumstances in which the MHDC underwriter determines it is necessary for the feasibility of the development and the security of the tax credits to give deferred developer fee priority payment status, the underwriter, with the approval of the Director of Rental Production, may negotiate cash flow structure by which the deferred developer fee is paid in whole or in part prior to collecting payments on the MHDC subordinate note. In all cases the firm commitment and the regulatory agreement will reflect the priority of payments.

MHDC staff shall determine an acceptable annual distribution of cash flow to owners. MHDC must review and approve the distribution of cash flow annually for all developments for which MHDC holds the primary mortgage based upon the review of the prior year audited financial statement and the original underwriting of the financing structure.

Loan and Project Risk Assessments and Asset Management

Adopted 8/28/09

MHDC will have an asset management-risk assessment committee that will monitor on an ongoing basis the performance of its rental production portfolio and the associated principles, i.e. owners, general partners, developers, managing agents, general contractors, architects, consultants, syndicators, and other development team members. This committee will consist of officers of the Commission and the senior staff. The Commissioners and the Executive Director will be the voting members.

This committee will make recommendations to the full Commission in regards to denying participation in the rental production programs to certain participants/applicants.

Recapture of Credits

Adopted 8/28/09

MHDC, as the entity assigned by the Governor to serve as the housing finance agency for the state of Missouri and allocate federal and state Low Income Housing Tax Credits on its behalf, shall have the right in its sole discretion to exercise its authority to initiate a process which may result in the recapture of tax credits under the following circumstances:

- Inability to meet deadlines imposed by MHDC in the Qualified Allocation Plan or conditional reservation concerning firm submission and, as imposed by Section 42 of the Internal Revenue Code for the allocation of 9% tax credits, the filing of carryover allocation, the subsequent 10% test, and the placement in service of buildings;
- Discovery of intentional fraud by the owner/general partner/developer during the application process;
- Discovery of the intentional omission of information, inaccurate data or misleading statements in cost certification documents by the owner or the accountant or the attorney acting on its behalf concerning the final sources and/or uses of funds in the construction of a development.

Administration of Low Income Housing Tax Credits

Adopted 8/28/09

As the state housing credit agency for the state of Missouri, MHDC administers the federal Low Income Housing Tax Credit (26 USCA §42)(the “Code”) and the Missouri Low Income Housing Tax Credit (Mo.Rev.Stat. §§135.350-363)(together, the “LIHTC”) in accordance with federal and state law. To fulfill this role, MHDC establishes guidelines for the LIHTC program in the Qualified Allocation Plan (“QAP”), requests proposals through a Notice of Funding Availability, accepts applications at least once annually, reviews proposals through a competitive evaluation process, presents recommendations for board approval, issues conditional reservation agreements, requires submittal and staff approval of detailed due diligence information (“Firm Submission”), enters into firm commitments, reviews organizational documents, performs feasibility tests as required by Code, records land use restriction agreements, reviews cost certifications, and allocates credits through the issuance of IRS form 8609 and the Missouri eligibility statement or other such forms as federal and state statute may require. MHDC staff may set deadlines for the completion of Firm Submission, construction closing, cost certification, and any such notable milestones in order to encourage responsible performance from entities approved for LIHTC.

9% LIHTC

The Code further requires the achievement of carryover allocation by each entity reserved an allocation of 9% LIHTC. MHDC shall perform such steps for the execution of agreements and review of documentation as may be required by 26 USCA §42(h) for the achievement and maintenance of a carryover allocation.

4% LIHTC

Developments requesting 4% LIHTC as part of the financing structure of a tax exempt bond transaction must be evaluated by MHDC staff to determine whether the proposed development satisfies the requirements of 26 USCA §42(m)(1)(D) for an allocation of LIHTC under the QAP (26 USCA §42(m)(1)(D)).

At the end of the review period for each competitive round, staff shall rank the 4% LIHTC applications received and present the recommendation list to the board of Commissioners for approval. Commissioner approval shall be required regardless of whether the financing structure includes a potential application of Missouri LIHTC. In addition to the process requirements described in paragraph 1 above, staff shall perform a feasibility review and issue a letter prior to bond closing in accordance with 26 USCA §42(m)(2) to confirm the amounts of credits requested at the time does not exceed an amount necessary for the feasibility of the development.

MISSOURI LIHTC

For effective and accurate reporting, MHDC staff shall set the definitions for authorization and issuance of Missouri LIHTC by internal policy. Staff will establish rules governing the reporting of data by entities allocated Missouri LIHTC in accordance with Mo.Rev.Stat. §§135.800-830.

Commission Approval

Adopted 8/28/09

Commission review and approval for AHAP credits shall be required when:

- Developments not originally approved to receive a reservation of AHAP credits as part of an initial Rental Production program application for low income housing tax credits and/or loan funds request a reservation of AHAP credits at a subsequent stage in the development process.
- An applicant requests a reservation of more than \$1 million in AHAP credits for one or more developments in any one fiscal year.

Relocation Policy – HOME Program

Adopted 8/28/09

Developments approved for HOME financing are required to provide relocation assistance for the temporary or permanent displacement of residential and commercial occupants as a result of the acquisition and/or construction of property. MHDC staff shall maintain a relocation policy establishing the required documentation, notification, relocation assistance, relocation payments, and reporting in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

Use of Master Servicer

Adopted 8/28/09

The Commission may employ a Master Servicer arrangement, which may consist of one or more firms, for purposes of administering and funding the origination of single-family residential loans for the Commission's Single Family homeownership programs. The Master Servicer arrangement shall provide administration for originations, securitization of loans, compliance and ongoing servicing of residential mortgage loans.

Availability of First Place Loan Funds in Rural Missouri

Adopted 8/28/09

Twenty-five percent of each bond issue for the MHDC homeownership loan program will be reserved for the outstate areas of Missouri for the first 30 days of each issue.

After the 30 day period, the amount remaining, if any, will be made available in all areas of the state.

The 25% set-aside is a minimum and may be exceeded if a greater number of applications is received during the 30 day period.

Federally Declared Disaster Areas

Adopted 8/28/09

A waiver of the first-time homebuyer restriction may be granted to persons living in a federally declared disaster relief area. The amount of loans with the first-time homebuyer waiver would be limited to a portion of bond proceeds within limits permitted by the Internal Revenue Code. All other program restrictions will apply. These funds will be held for up to 45 days for the disaster relief victims. The percentage of the bond proceeds set-aside may be held for up to 45 days from each succeeding bond issue for up to 12 months from the disaster declaration.

Refinance Policy for Tax-Exempt Financing

Adopted 8/28/09

The Housing and Economic Recovery Act of 2008 (HR 3221) temporarily made refinancing an allowed use of tax-exempt bond authority. Per the law, the new mortgage loan must refinance an existing mortgage on a single-family residence that was originally financed through a qualified subprime loan. The law defines qualified subprime loan as an adjustable rate mortgage loan made after 12/31/01 and before 1/1/08 that the bond issuer (in our case MHDC) determines will present a financial hardship if it is not refinanced. Otherwise, the law gives bond issuers flexibility to craft a refinance program.

MHDC financial hardship is determined when a borrower is currently paying more than 31% of their gross income under the existing home loan for principal, interest, mortgage insurance, taxes and insurance or will be paying more than 31% of gross income after the next loan reset.

A refinancing of existing subprime home loan is justified when the following can be accomplished with a refinancing:

- a) The new principal and interest payment can be lowered by at least \$100 per month; and
- b) The new mortgage loan is written as a fixed-rate loan term mortgage that provides an interest rate at least 1% point lower than the current rate, or the rate established in the existing note over a subsequent 12-month period.

Refinance Policy for Taxable Financing

Adopted 8/28/09

The Commission may offer refinancing to any borrower who qualifies under the taxable income and purchase price the limits set by the Commission. The refinance loans may be paired with allowed sources of down payment and closing cost assistance, as needed.

Resolution No. 964 Audit Committee Charter

Adopted 5/2/06 and Ratified 8/28/09

AUDIT COMMITTEE PURPOSE AND AUTHORITY

The Audit Committee (the "Committee") is appointed by the Commission Chairman to monitor: (1) the internal control over financial reporting of the Missouri Housing Development Commission (the "Commission"), including the Missouri Housing Trust Fund, and the audit of its financial statements; (2) the Independent auditor's qualifications and independence; and (3) the compliance by the Commission with legal and regulatory requirements.

COMMITTEE MEMBERSHIP

The Committee shall consist of no fewer than three members of the Commission. All members of the Committee shall be able to read and understand financial statements. The members of the Committee shall be appointed by the Commission Chairman and shall serve until their successors are duly appointed.

MEETINGS

The Committee shall meet as often as it determines, but not less frequently than twice annually. The Committee shall meet at least annually with management and the Independent auditor in separate executive sessions. The Committee may request any officer or employee of the Commission, or the Commission's outside counsel, financial consultants or Independent auditor, to attend a meeting of the Committee or to meet with any members of the Committee. All meetings will be in accordance with the requirements of the Missouri Sunshine Law.

RESPONSIBILITIES AND DUTIES

The Committee shall oversee the process of the appointment of the independent auditor to be recommended for engagement by the Commission. The Independent auditor shall report directly to the Committee. The Committee shall be empowered to investigate any matter within its scope of responsibilities and shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal firms, accounting firms, or other advisors or consultants in fulfillment of responsibilities under this Charter.

The Committee shall make regular reports to the Commission. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Commission for approval.

A guideline of the Committee's responsibilities is provided in the attached Audit Committee Responsibilities Calendar. This Calendar will be updated annually to reflect changes in regulatory requirements, authoritative guidance, and evolving oversight practices.

LIMITATION OF AUDIT COMMITTEE'S ROLE

While the Committee has the responsibilities and power set forth in this Charter, it is not the duty or responsibility of the Committee to (1) plan or conduct audits or (2) to determine that the financial statements present fairly, in all material respects, the financial position of the Commission and the results of its operations and its cash flows, in conformity with accounting principles generally accepted in the United States of America. These are the responsibilities of independent auditors and Commission management, respectively; nor is it the duty or responsibility of the Committee to conduct investigations or to assure compliance with laws and regulations.

CERTIFICATION

I HEREBY CERTIFY, that the foregoing is a true and correct copy of a Resolution regularly presented to and duly adopted by the Commissioners of the Missouri Housing Development Commission at a meeting duly called, and held on the 2nd day of May, 2006, at which a quorum was present and voted; and that such Resolution is duly recorded in the Minutes of the Commission.

/s/William J. Luetkenhaus, Secretary-Treasurer

AUDIT COMMITTEE RESPONSIBILITIES CALENDAR

		Audit Committee Meetings (Specific Month Subject to Change)		
		May	September	As Needed
1.	The agenda for the Committee meetings will be prepared in consultation between the Committee Chair, the Chief Financial Officer and the Independent auditor.	X	X	X
2.	Oversee the appointment of the Independent auditor.		X	X
3.	Review with the Independent auditor and management, the audit scope and plan of independent audit.	X		

4.	<p>Review with management and the Independent auditor at the completion of the annual audit:</p> <ul style="list-style-type: none"> a) The annual financial statements, related disclosures and management discussion and analysis. b) The Independent auditor's judgment of Commission accounting policies. c) The Single Audit of Federal Awards administered by the Commission. d) Significant changes required in the audit plan. e) Difficulties or disputes with management encountered during the audit. 		X	
5.	<p>Discuss with management and the Independent auditor:</p> <ul style="list-style-type: none"> a) Significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including significant changes in the selection or application of accounting principles. b) Major issues as to the adequacy of Commission internal controls and special steps adopted in light of material internal control deficiencies. 		X	X
6.	<p>Review and discuss with management and/or the Independent auditor:</p> <ul style="list-style-type: none"> a) All critical accounting policies and practices to be used. b) All alternate treatments of financial information within generally accepted accounting principles discussed with management and ramifications of the use of such treatments. c) Other material written communications between the Independent auditor and management, such as any management letter or schedule of unadjusted differences with management's responses. 		X	
7.	Facilitate the resolution of any disagreements between management and the Independent auditor about financial reporting.			X
8.	Discuss with management and the independent ponder the effects of regulatory or accounting initiatives.	X	X	X

9.	Discuss with the Independent auditor the matters required by AICPA Auditing Standards Board Statement on Auditing Standards (SAS) No. 114, OMB's Circular A-133 and U.S. Government Accountability Office's <i>Government Auditing Standards</i> .	X	X	X
10.	Review with the independent auditor the management letter in any significant control deficiencies or material weaknesses identified in the normal course of the audit engagement including management's responses thereto.		X	X
11.	Inquire of the Executive Director and Chief Financial Officer regarding the fiscal health of the Commission with regular measures.	X	X	X
12.	Review with General Counsel legal and regulatory matters that may have, in management's opinion, a material impact on financial statements and compliance with federal, state and local laws and regulations.		X	X
13.	Review procedures for receipt, retention and treatment of complaints received by the Commission regarding accounting, internal controls, auditing matters or suspected fraud submitted to the Commission. Review submissions, status and resolution.	X		X
14.	Review procedures for the confidential, anonymous submission of concerns regarding questionable accounting or auditing matters or suspected fraud. Review submissions, status and resolution.	X		X
15.	Review and evaluate the performance of the Independent auditor. Consider the rationale for employing other audit firms for services the Commission or independent auditor determined would not be appropriate for the independent audit firm to perform. Determine if any other non-audit work performed by the Independent auditor does not violate the requirement that the Independent auditor not provide services involving management functions or audit their own work.		X	X
16.	Review the Committee's effectiveness and discuss recommendations for improving the effectiveness of the Committee with the Commission.	X		X
17.	Review and update the Audit Committee Charter and Responsibilities Calendar and recommend proposed changes to the Commission.	X		X

18.	Meet with the Independent auditor in executive session to discuss any matters the Committee or independent auditor believes should be discussed privately with the Audit Committee.	X		X
19.	Meet with management in executive session to discuss any matters the Committee or management believes should be discussed privately with the Audit Committee.		X	X

Resolution No. 925 Investment Policy and Guidelines

Adopted 5/23/08 and Ratified 8/28/09

SCOPE

This policy applies to the investment of any General Funds and Bond Funds (as described herein) of the Missouri Housing Development Commission (the "Commission"). Funds held by a trustee in connection with bond or note issues shall not be subject to this policy and the investment of such amounts shall be governed by the resolutions, indentures or other documents authorizing the issuance of such bonds or notes.

Investment through external programs, facilities and professionals operating in a manner consistent with this policy will constitute compliance.

GENERAL OBJECTIVES

The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield:

A. Safety

Safety of principal is the foremost objective of the investment program. Investment shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

1. Credit Risk

The Commission will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:

- i. Prequalifying the custodial or depository institutions, brokers/dealers, intermediaries, and advisors with which the Commission will do business;
- ii. Diversifying its portfolios so that potential losses on individual securities will be minimized; and
- iii. Establishing and maintaining a standard of quality of authorized eligible investments.

2. Interest Rate Risk

The Commission will minimize the risk that it will realize losses due to declines in the market value of securities in its portfolios, by structuring its investment portfolios so

that securities mature to meet cash requirements for scheduled disbursements or ongoing operations, taking into account cash balances available or expected to be available for such requirements, thereby investing excess funds and avoiding the need to sell securities on the open market prior to maturity.

B. Liquidity

The Commission's investment portfolios shall remain sufficiently liquid to meet all operating requirements and disbursement schedules that may be reasonably anticipated. This is accomplished by structuring its portfolios so that securities mature concurrent with cash needs to meet anticipated demand (static liquidity). Furthermore, since all possible cash demand cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). A portion of the portfolio also may be placed in bank deposits or repurchase agreements that offer same-day liquidity for short-term funds.

1) General Funds

General Funds are funds of the Commission not required for immediate disbursements and shall not include any amounts expended or loaned by the Commission to carry out or effectuate its purpose as permitted in RSMo §215.030. These funds are available for transfer from the Commission's custodial or financial institution to the operating fund for Commission expenses and costs.

Investments for the General Fund shall be structured in a manner to enable the Commission to meet anticipated expenditures as well as reasonable unanticipated expenses.

2) Bond Funds

Bond Funds are proceeds of the bonds or temporary notes for which the Commission is issuer and are not otherwise directed for investment by the trustee for the bond or note transaction pursuant to the resolution, indenture, tax compliance agreement or any other document for which bond or note proceeds are subject ("Bond Documents").

Bond Funds may be invested in securities provided in this Investment Policy or in securities permitted under the applicable Bond Documents.

Bond Funds shall be held in separate depository accounts and investment portfolios and will not be commingled with other investment funds or funds of the Commission.

Bond funds may generally be invested consistent with the provisions of this policy without yield restriction. The Investment Manager shall monitor Bond Fund accounts with respect to the transaction generating such funds and shall maintain adequate records to satisfy any rebate requirements under the federal tax laws and take appropriate steps in the event any Bond Funds become subject to yield restriction.

A portion of Bond Fund investments may be continuously invested in readily available funds such as in bank deposits or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

C. Yield

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk

constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:

- (i) A security with declining credit may be sold early to minimize loss of principal.
- (ii) A security may be sold if such sale, coupled with a purchase of another security in a similar amount, would improve the quality, yield, diversity, or target duration in the portfolio.
- (iii) A security may be sold if liquidity needs of a portfolio required that the security be sold.

STANDARDS OF CARE

A. Prudence

The standard of care to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. The prudent person standard shall mean investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

B. Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall comply with all provisions of Commission's Standard of Conduct.

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the Commission's investment portfolios. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with which business is conducted on behalf of the Commission.

C. Delegation of Authority

Authority to manage the investment program is granted to the Chief Financial Officer, hereinafter referred to as the Investment Manager. Responsibility for the operation of the investment program is hereby delegated to the Investment Manager, who shall act in accordance with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Investment Manager. The Investment Manager shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

INVESTMENT TRANSACTIONS

A. Authorized Financial Institutions and Broker/Dealers

The Commission shall establish and maintain a list of custodial and depository institutions authorized to provide depository and custodial services for the Commission. In addition, the Commission shall also prepare and maintain a list of approved security broker/dealers to provide investment transactions.

1. Financial Institutions

The Commissioners shall periodically select and approve financial institutions for the deposit and safekeeping of Commission funds through a competitive selection process. The Commission prefers to invest its funds in-state with or through Missouri institutions when the terms from such institutions are equal to or higher than terms available from out-of-state institutions. The Commission shall select those financial institutions that, in its opinion, will be most commensurate with the safety of Commission funds. The Commission shall employ a formal, competitive procurement process for selecting financial institutions for the deposit and safekeeping of Commission funds and for other banking-related services. Any financial institution seeking to qualify as an authorized institution shall supply the Commission the requested information as shall be determined by the Investment Manager.

2. Brokers/Dealers

Investments will be made through banks or securities dealers who have been approved by the Commissioners. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule). Such securities dealers and banks shall have been subjected to an appropriate investigation by the Investment Manager, which shall include, among other things, a review of the firm's financial statements and the background of the sales representative. All authorized broker/dealers must be fully licensed and registered NASD Broker/Dealers or exempt banks. Criteria used to select securities dealers will include:

- i. Proof of National Association of Securities Dealers (NASD) certification.
- ii. Proof of state registration.
- iii. Financial strength and capital adequacy of firm.
- iv. Services provided by firm.
- v. Research services available.
- vi. Resume, reputation and qualifications of sales representative.
- vii. Due diligence and some references.
- viii. State government expertise.

Trades executed by an external investment manager shall not be executed with that investment manager's own firm or with any division of such firm or any subsidiary, either partially or wholly affiliated.

B. Internal Controls

The Investment Manager is responsible for establishing and maintaining an internal control structure that will be reviewed annually with the Commission's independent auditor. The internal control structure shall be designed to ensure that the assets of the Commission are protected from loss, theft or misuse and to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits require estimates and judgments by management.

The internal controls shall address the following points:

- i. Control of collusion.
- ii. Separation of transaction authority from accounting and record keeping by requiring that the individuals maintaining the accounts and records shall not have authority to execute investment transactions.
- iii. Custodial safekeeping.
- iv. Avoidance of physical delivery securities.
- v. Clear designation of authority to subordinate staff members.
- vi. Written or electronic confirmation of transactions for investments and wire transfers.
- vii. Development of a wire transfer agreement with the custodial or depository institution.

C. Delivery vs. Payment

All trades where applicable will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in eligible financial institutions prior to the release of funds. All securities shall be perfected in the name or for the account of the Commission and shall be held by a third-party custodian as evidenced by safekeeping receipts.

D. Best Execution

All purchases and sales of investments for the Commission will be executed in a manner that provides the best economic advantage to the Commission.

SUITABLE AND AUTHORIZED INVESTMENTS

A. Investment Types

In accordance with and subject to restrictions imposed by the Missouri Constitution, the laws of the state of Missouri and specifically, the provisions of RSMo §215.030 (as may be amended from time to time), the following list represents the entire range of investments that the Commission will consider in which shall be authorized for the investment of funds.

- i. Obligations of the State of Missouri. The Commission may invest in state of Missouri obligations for which the principal and interest are guaranteed by the state of Missouri.
- ii. United States Treasury Securities. The Commission may invest in obligations of the United States government for which the full faith and credit of the United States are pledged for the payment of principal and interest.
- iii. United States Government Instrumentality Obligations. The Commission may invest in obligations issued or guaranteed by any agency of the United States Government and

obligations of corporations with public purposes created by the U.S. Congress that are rated in the highest rating category by at least one nationally recognized credit rating agency.

- iv. Repurchase Agreements. The Commission may invest in contractual agreements between the Commission and commercial banks or primary government securities dealers to purchase U. S. Treasury and government agency securities while simultaneously agreeing to resell the securities at predetermined dates and prices ("Repurchase Agreements"). Repurchase Agreements may be entered into for periods of 90 days or less, which may include overnight and open repurchase agreements. Repurchase Agreements shall be collateralized by approved securities as set forth in this policy. The market value of all repurchase agreement collateral will be reviewed daily to determine collateral adequacy.

No more than 40% of the total market value of the portfolio may be invested in repurchase agreements with any one issuer.

- v. Collateralized Public Deposits. The Commission may invest in instruments issued by financial institutions which state that specified sums have been deposited for specified periods of time at specified rates of interest ("Certificates of Deposit").

All Certificates of Deposit purchased shall be insured by the FDIC, or to the extent that such Certificate of Deposit purchased is in excess of the limit of the FDIC insurance, such Certificate of Deposit shall be collateralized by approved securities as set forth in this policy.

The maximum maturity of a deposit will be five years. The Commission will determine the minimum maturity guidelines.

A financial institution will be eligible to receive total collateralized deposits of Commission funds, including Certificates of Deposit and demand deposit accounts, in an amount not to exceed 10% of such institution's equity capital.

B. Security Selection

The following list represents the entire range of United States Treasury Securities, United States Government Instrumentality Obligations, and state of Missouri Obligations that the Commission will consider in which shall be authorized for the investment of funds by the Commission.

Additionally, the following definitions and guidelines should be used in purchasing the instruments:

- i. Coupon and Zero Coupon Obligations. These include obligations with no embedded options (with the exception of embedded put and call options) and with final maturities of ten (10) years or less.
- ii. Discount Notes and Stripped Obligations. Purchased at a discount with maximum maturities of five (5) years or less.
- iii. Step-Up Obligations. The coupon rate is fixed for an initial term. Thereafter, on a pre-determined date(s), the coupon rate rises to a new, fixed rate for the remaining term of the obligation. Restricted to obligations with final maturities of ten (10) years or less.

- iv. Floating Rate Securities. The coupon rate floats off one index. This is restricted to coupons with no interim caps that reset at least quarterly and with final maturities of ten (10) years or less.
- v. Mortgage Backed Obligations. Restricted to securities with final maturities of ten (10) years or less.

C. Investment Restrictions and Prohibited Transactions

To provide for the safety and liquidity of the Commission's funds, its investment portfolios will be subject to the following restrictions:

- i. Borrowing for investment purposes ("Leverage") is prohibited.
- ii. Investment in instruments known as structured notes (e.g. inverse floaters, leveraged floaters, and equity-linked securities) and any instrument which is commonly considered a "derivative" instrument (e.g. options, futures, swaps, caps, floors and collars), are prohibited unless approved in writing by the Executive Director.
- iii. Contracting to sell securities not yet acquired in order to purchase other securities for purposes of speculating on developments or trends in the market is prohibited.
- iv. Reverse repurchase agreements are prohibited.

D. Collateralization

Collateralization will be required to secure investments in Certificates of Deposit and Repurchase Agreements.

The market value (including accrued interest) of the collateral for repurchase agreements should be at least 101% and shall be marked to market daily.

For certificates of deposit, the market value of collateral must be at least 102% (105% for pledged mortgage backed obligations) or greater of the amount of certificates of deposits plus demand deposits plus any accrued interest on the certificates of deposit and demand deposits with the depository, less the amount, if any, which is insured by the FDIC.

All securities which serve as collateral must be Suitable and Authorized Investments (as set forth in this policy) excluding the final maturity requirements and must be safekept at a non-affiliated custodial facility. Institutions pledging collateral pursuant to this policy must, in conjunction with the custodial agent, furnish the necessary custodial receipts within five business days from the settlement date. The right of collateral substitution is granted.

The Commission shall have a depository contract and pledge agreement with each safekeeping bank that will comply with the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA). This will ensure that the Commission's security interest in collateral pledged to secure deposits is enforceable against the receiver of a failed institution.

In lieu of or in addition to collateral as set forth above, a depository institution may provide a surety bond issued by an insurance company licensed in Missouri whose claims-paying ability is rated in the highest category by at least one nationally recognized statistical rating agency; or an irrevocable standby letter of credit issued by a Federal Home Loan Bank possessing the highest rating issued by at least one nationally recognized statistical rating agency. The face amount of a

surety bond shall be at least equal to the portion of the deposit, including accrued interest, to be secured by the surety bond.

E. Repurchase Agreements

Subject to the provisions included in this investment policy, the Commission may enter into repurchase agreements with any federally chartered bank included on the Commission's list of approved financial institutions, and subject to the following:

- v. Securities for which repurchase agreements will be transacted will be limited to U.S. Treasury securities in securities of any government instrumentality that are eligible to be delivered via the Federal Reserve's Fedwire book entry system.
- vi. Securities will be delivered to the Commission's designated custodian. Funds and securities will be transferred on a delivery vs. payment basis.
- vii. Securities purchased in a repurchase agreement shall have a market value not less than 101% of the principal amount plus interest accrued to the date of the repurchase. Such market value shall be recalculated daily.

INVESTMENT PARAMETERS

A. Diversification

The Commission's investments shall be diversified to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer, or specific class of securities. Diversification strategies shall be established and periodically reviewed. At a minimum, diversification standards by security type and issuer shall be:

Investment Type	Maximum Percentage of Portfolio	Maximum Maturity
U.S. Treasury Securities	100%	10 years
U.S. Government Instrumentality	100%	10 years
Obligations of the state of Missouri	60%	10 years
Collateralized Certificates of Deposit	60%	5 years
Collateralized repurchase agreements	50%	90 days

B. Maximum Maturities

To the extent possible, the Commission shall attempt to match its investments with anticipated cash flow requirements. All investments shall mature and become payable not more than ten (10) years from the date of purchase.

REPORTING

A. Methods

The Investment Manager shall maintain records of daily investment activity and shall include copies of all confirmations of transactions.

The Investment Manager shall prepare a monthly report which includes a list of individual securities held at the end of the month reflecting accrued interest and portfolio activity for the month with statistics on total return for the portfolios.

In addition, the Investment Manager shall prepare and provide the Executive Director an investment report semi-annually in a manner that will allow the Executive Director to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report will include the following:

- i. Listing of individual securities (with the market value) held at the end of the reporting period.
- ii. Average weighted yield to maturity of portfolio on investment as compared to applicable benchmarks.
- iii. Listing of investments by maturity date.
- iv. Percentage of the total portfolio that each type of investment represents.
- v. At least annually, the unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities (in accordance with Government Accounting Standards Board (GASB) Statement No. 31 requirements).

B. Performance Standards

The investment portfolio will be managed in accordance with the parameters specified within this policy. A series of appropriate benchmarks may be established against which portfolio performance shall be compared on a regular basis.

C. Marking to Market

The market value of the portfolio shall be calculated monthly and a statement of the market value of the portfolio shall be issued to the Executive Director at least semi-annually. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed.

POLICY CONSIDERATIONS

A. Exemption

Any investment held as of the date this policy is adopted that does not meet the guidelines of this policy shall be exempt from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

B. Adoption

This policy shall be adopted by resolution of the Commissioners. The policy shall be reviewed annually by the Investment Manager and recommended changes, if any, will be presented to the Commissioners for consideration.

CERTIFICATION

I HEREBY CERTIFY, that the foregoing is a true and correct copy of a Resolution regularly presented to, and duly adopted by the Commissioners of the Missouri Housing Development Commission at a meeting duly called, and held in Jefferson City, Missouri on the 23rd day of May 2008, at which a quorum was present and voted; and that such Resolution is duly recorded in the Minutes of the Commission.

/s/ Cale Bradford, Secretary-Treasurer

Innovative Ideas

Adopted 8/28/09

If, in its sole discretion, the Commission determines that a new idea for a financing structure or an innovative program would result in increasing the state's low income housing stock, the Commission will consider that the individual(s) or firm proposing the new idea or innovative program has a priority interest. If the Commission chooses to proceed with the new or innovative idea, the Commission will utilize the services of the individual(s) or firm who brought the idea or program to the Commission for at least the first issue of financing, or as long as that individual(s) or firm can complete the transaction at a reasonable cost as determined by the Commission upon advice from their consultants and professional staff.

Financial Viability

Adopted 8/28/09

In order to sustain its continued affordable housing mission and to support its public purpose endeavors, the Missouri Housing Development Commission will strive to make reasonable financial returns to sustain continued prudent growth of the Commission's net assets, evaluated by financial measures such as rating agency profitability ratios. The Commission's net assets provide resources for supporting the Commission's homeownership program, multi-family risk share program, debt and other obligations. In addition, the Commission's net assets support MHDC's Issuer Credit Rating, which enhances MHDC's efforts to raise funds in the capital markets. Finally, certain levels of net asset may be reserved by the Commission to provide for specific affordable housing needs in the state.

Disposal of Surplus Items

Adopted 8/28/09

For all items that are determined to be of no value to MHDC, upon written authorization by the Executive Director or the Director of Operations, said surplus items may be donated to a not-for-profit organization with whom MHDC partners. Notification of availability of surplus items must be sent to all eligible not-for-profit agencies within 50 miles of the geographical location of the office disposing of the items. The items will be given on a first-come, first-served basis to the eligible agencies. Any items left over from this process may be disposed of in the most efficient manner.

Debt Management Policy

Adopted 8/28/09

INTRODUCTION AND PURPOSE

The Missouri Housing Development Commission (the "Commission") has adopted this *Debt Management Policy* to guide its structuring, issuance and management of debt. The Commission's development of this policy reflects the goals expressed in the mission statement of strengthening communities and the lives of Missourians through the financing, development and preservation of

affordable housing. Because much of the financing of affordable housing by the Commission is funded through the issuance of bonds and other debt, this policy directly furthers that mission.

The purpose of this policy is to guide the Commission's general practices related to debt. It is intended to be a framework and guide for the decisions of current and future Commissioners and staff.

Participants in the municipal debt market – including rating agencies and bond investors – appreciate issuers that take a uniform, thoughtful approach to their debt management. A single policy cannot, however, envision every possible debt-related nuance that may occur in the future. As such, this document is not intended to serve as a set of rigid guidelines, preventing the Commission from taking important action.

For the Commission's routine debt issuance, this document provides significant guidance in the structuring, sell and subsequent management of the Commission's debt.

POLICY FRAMEWORK

Through its adoption of this policy, the Commission is establishing guidelines with regard to the issuance of debt to fund loans for single-family homebuyers or home owners and to fund loans for multifamily housing projects. The Commission does not intend to issue debt for other purposes and this policy is not intended as a guide for debt other than that issued to support its single family and multifamily lending programs.

Guiding Principles for Debt Management Policy

- a. The Commission seeks to issue debt for its single family and multifamily programs at the lowest overall interest and financing costs, taking into account program objectives and preserving and enhancing the financial strength and health of the Commission.
- b. The Commission desires to establish practices and procedures to optimize its access to the capital markets and provide for broad distribution of its debt to retail and institutional investors.
- c. The Commission has historically maintained a conservative approach to its debt and underlying assets and desires to continue those practices.

GENERAL PROVISIONS

Issuance of Debt

All bonds, notes or other debt of the Commission shall be authorized by the governing body of the Commission.

Maximum Amount of Debt

The maximum amount of single-family bonds and multifamily bonds issued by the Commission will be governed by the market demand for qualifying single-family and multifamily loans, the availability of private activity bond allocation to support the issuance of the tax-exempt bonds and the amount of taxable debt that can be issued to supplement the tax-exempt debt. The Commission shall not have outstanding at any one time an aggregate principal amount of debt in excess of the amount authorized by Missouri statutes, excluding any debt not subject to such limitation by the terms of the statutes.

Credit Ratings

The Commission will issue its debt in a manner that will seek to maintain or enhance its AA+ issuer credit rating. The Commission will seek to structure its single-family bonds and multifamily bonds to achieve the ratings levels described below with limited reliance upon the Commission's creditworthiness. The Commission will guarantee its single-family bonds or multifamily bonds only in limited cases in which the guarantee is required to market the bonds or to support the rating to the levels described below.

- a. Single Family Bonds. Consistent with the requirements of the Indenture of Trust dated as of June 15, 1995, as amended, the Commission will obtain a rating in the highest rating category by the rating agency that provides a rating for the bonds issued pursuant to its Homeownership Loan Program. In the event the Commission shall establish any other single-family bond programs those bonds shall be rated in one of the two highest rating categories of the rating agency providing a rating on the bonds, except that this requirement may be waived by the governing body of the Commission for privately placed single-family bond issues when the investor provides an investment letter to the Commission certifying the sophistication of the investor and, as appropriate, due diligence conducted by the investor on its own behalf regarding its purchase bonds.
- b. Multifamily Bonds. Consistent with the requirements of the Trust Indenture dated as of June 1, 2000, as amended, the Commission will obtain a rating in one of the two highest rating categories by the rating agency that provides a rating for the Multifamily Housing Revenue Bonds of the Commission. In the event the Commission shall establish any other multifamily housing bond programs under a separate indenture those bonds shall also be rated in one of the two highest rating categories of the rating agency providing a rating on the bonds, except that this requirement may be waived by the governing body of the Commission for privately placed multifamily issues when the investor provides an investment letter (described above) to the Commission.

Credit Enhancement

The Commission may use bond insurance or other credit enhancement for its bonds in the event a cost-benefit analysis shows it be economically advantageous to do so or market conditions otherwise warrant.

STRUCTURE OF DEBT

Maximum Maturity

Generally, the Commission will structure its debt to mature at approximately the same time as the underlying loan or loans. In the case of single-family bonds, the bonds will mature approximately 30 years after the end of the loan origination period. This period may be extended up to 10 years in the event the Commission elects to fund new loans from prepayments within a particular bond issue. Multifamily bonds shall generally mature on the bond principal payment date following the final payment date on the underlying loan, subject to rating agency or investor requirements for payment lags.

Scheduled Amortization

The Commission generally will use debt service structures that reflect the scheduled amortization of the underlying loan or loans. The Commission may consider amortization structures for single-family bonds that anticipate a minimum level of prepayments on the

underlying loans. Generally, the assumed level of prepayments should be lower than the level of prepayments experienced by MHDC on any prior issues for the preceding 10 years. In determining whether or not to assume any level of prepayments when developing the amortization structures for single-family bonds the Commission will only utilize a structure relying on prepayments when the reduced interest cost enables the Commission to offer mortgage loans at sufficiently more attractive levels to justify any risks borne by the Commission.

Capitalized Interest

The Commission will structure bonds with capitalized interest to the extent necessary to support the rating on the bonds and may include amounts necessary to fund negative arbitrage on bond proceeds in amounts to cover payment lags on the mortgage loans.

Optional Redemption

The Commission generally will structure its bond transactions to include optional redemption provisions, unless the selective use of non-callable debt offers sufficient interest rate savings. The factors the Commission will consider in evaluating the use of non-callable debt includes the foregone potential interest rate savings in an economic refunding, the inability to redeem the bond to recycle the tax-exempt authority for future issues and the inability to reduce outstanding debt generally. The Commission may consider structuring its bonds with shorter than standard optional redemptions to improve future flexibility and refunding opportunities.

Mandatory Redemption

Bond issues will contain the mandatory redemption provisions consistent with marketing the bonds to obtain the lowest overall interest rate on the issue. These redemption provisions may include, without limitation, sinking fund requirements, redemptions due to prepayments and surplus revenues, planned amortization class redemption structures and super-sinkers.

Yield Differential

Because the Commission funds much of its operations with the interest differential between its bonds and the mortgage loans underlying its bonds, it will continue to seek to obtain an adequate differential to support its operations.

- a. Single Family Bonds. For single-family tax-exempt bonds, the Commission will seek to obtain the differential permitted under federal tax law, subject to offering rates on its mortgage loans that will provide a reasonable advantage to similar loans, if any, available to borrowers through private lenders and with due regard to potential rapid prepayments of loans with above-market interest rates. The Commission recognizes that the value of this differential varies from issue to issue due, in particular, to the costs of the transaction and any negative arbitrage on bond and asset payment amounts prior to their expenditure. To the extent feasible and consistent with its mission, the Commission will seek to have a positive residual for all its single-family transactions at reasonably anticipated prepayment speeds.
- b. Multifamily Bonds. For multifamily bonds for which the Commission shall provide risk-share insurance or other enhancement of the underlying mortgage loan or the bonds, the Commission will seek to obtain at least a 50 basis points differential (to the extent permitted under federal tax law) subject to offering rates on its mortgage loans that will

provide a reasonable advantage to similar loans, if any, available to borrowers. For multifamily bonds for which the Commission serves as a conduit issuer, the Commission will seek to obtain fees at settlement or through a differential in accordance with the following table:

Conduit Issues – Preservation of Existing Housing		
Payment Method (at option of borrower)	Up-Front Amount (% of Bonds)	Differential in Rate Between Bonds and Loan
Method 1	0.50%	0.00%
Method 2	0.25 %	0.05%
Method 3	0.00%	0.10%

Conduit Issues – New Construction		
	Up-Front Amount (% of Bonds)	Differential in Rate Between Bonds and Loan
Method 1	0.00%	0.25%

Tax-Exempt and Taxable Bonds

One of the principal ways that the Commission provides advantages to borrowers in connection with the financing, development and preservation of affordable housing is through its ability to issue tax-exempt bonds. To the extent of demand for the mortgage loans of the Commission and of available allocations of volume cap, the Commission will maximize its issuance of tax-exempt bonds for these purposes so long as the tax-exemption enables the Commission to provide affordable mortgage loan rates and programmatic assistance for borrowers. To supplement the issuance of tax-exempt bonds the Commission may issue taxable bonds in conjunction with the issuance of tax-exempt bonds when the addition of the taxable bonds will not unduly burden the mortgage loan rates and the additional funding available through the taxable bonds will enable the Commission to further its mission. In addition, if market conditions warrant and MHDC can provide programmatic resources, MHDC may issue taxable bonds or sell taxable obligations on a stand-alone basis in order to further its mission.

Refunding Bonds

The Commission generally will consider refunding opportunities either to achieve present value savings or to release tax-exempt volume cap when permitted by federal tax law to supplement available volume cap.

For those refunding issues based upon present value savings the Commission shall compare the present value of the existing bonds if they are not refunded to the present value increase attributable to the refunding for the bond issue incorporating the refunding. Generally, the Commission may undertake those refunding transactions that produce reasonable present value savings. In addition, in those instances in which the refunding transaction is being incorporated into a larger issue that will fund new mortgage loans, the Commission may consider a refunding with smaller savings, or a present value cost, if the refunding enables the Commission to further

its mission through a lower interest rate on the mortgage loans or a reduced contribution to fund the bond issue.

For those refunding issues based upon the release of tax-exempt volume cap the Commission shall compare the present value of not refunding the bonds to the present value of the new issue taking into account the refunding transaction and shall seek to obtain at least roughly equivalent present values.

The Commission will not undertake any refunding issue that may legitimately jeopardize its reputation in the investment community.

VARIABLE RATE BONDS

Preference for Fixed Rate Issues

Except as provided below, the Commission generally will pursue traditional, fixed-rate bond structures whenever feasible. Synthetic fixed-rate structures or other variable rate structures with some form of interest rate hedge may be considered when consistent with state law, the appropriate indenture and subject to the adoption of a Derivatives Policy by the Commission.

Variable Rate Bonds

The Commission may use variable rate bonds without a swap or other derivative to hedge the variable rate on the bonds on a limited basis as an alternative to fixed rate bonds only in market conditions in which fixed rate bonds, alone, do not allow the Commission to obtain mortgage lending rates compatible with its mission.

- a. Limits on Amount of Variable Rate Bonds. The amount of variable-rate bonds shall be limited to that amount necessary for a particular bond issue to enable the Commission to obtain mortgage lending rates compatible with its mission. For each issue that includes tax exempt variable rate bonds, the mortgage lending rate shall be sufficient that the Commission would satisfy the yield differential goals of this policy in the event the variable-rate bonds bear interest throughout the term of the issue at the average of the Securities Industry and Financial Markets Association's seven-day high-grade market index comprised of tax-exempt Variable Rate Demand Obligations (the "SIFMA Index"), plus at least 0.25%, during the 20 year period, or such shorter time as the SIFMA Index has been available prior to the issue. For each issue that includes taxable variable rate bonds, the mortgage lending rate shall be sufficient that the Commission would satisfy the yield differential goals of this policy in the event the variable-rate bonds bear interest throughout the term of the issue at the average of the 30 day London Inter Bank Offered Rate ("LIBOR"), plus at least 0.25%, during the 20 year period, or such shorter time as LIBOR has been available prior to the issue. Further, the Commission shall limit the total amount of variable-rate bonds such that if (i) all the tax-exempt variable-rate bonds of all issues then outstanding were to bear interest at the highest average rate during any 52 week period since the inception of the SIFMA Index until all such variable-rate bonds are no longer outstanding and (ii) all the taxable variable-rate bonds of all issues then outstanding were to bear interest at the highest average rate during any 52 week period since the inception of LIBOR until all such variable-rate bonds are no longer outstanding, the surpluses available from all bond issues under the same indenture using standard rating agency assumptions would be sufficient to pay the

expected draws on such surpluses to support the variable-rate bonds at those interest rates.

- b. Redemption Flexibility for Variable Rate Bonds. In addition, any variable-rate bonds issued shall be included in a structure, which may include over-collateralization of the bond issue through funds contributed by the Commission, that provides the Commission reasonable flexibility to redeem either the fixed-rate bonds of that issue or the variable-rate bonds of that issue from loan prepayments depending upon market conditions at the time of the redemption in order to enable the Commission to reduce its exposure to variable-rate bonds when those bonds bear a higher rate than anticipated or then the fixed-rate bonds of that issue.
- c. Limitations on Types of Variable Rate Bonds. The Commission will not issue variable-rate bonds with rate setting based on an auction process without approval of the governing body of the Commission. For variable-rate bonds with the liquidity facility the Commission will utilize a structure that permits the conversion and remarketing of the variable-rate bonds to a fixed rate for the remainder of its term. Variable-rate bonds, including those for which the rate is based upon an index, shall be subject to optional redemption at least semi-annually unless the governing body of the Commission shall approve otherwise.

Liquidity Facilities

When obtaining the assurance of available funds for variable-rate demand bonds tendered by investors ("Liquidity Facilities"), whether or not the variable-rate demand bonds are hedged, the Commission shall utilize Liquidity Facilities with providers rated in one of the two highest rating categories of the rating agency providing the rating on the variable-rate bonds. In addition, subject to prudent cost considerations, the Commission shall seek to obtain the longest initial term possible on each Liquidity Facility in order to reduce the risk of non-renewal or that the renewal is more expensive than the initial term. Because most of the outstanding loan balances for its single-family bonds have been reduced to 20%, or less, of the original balance within seven years, the Commission shall seek to obtain an initial term of seven years whenever possible, subject to prudent cost considerations. In order to provide the Commission sufficient time to obtain a substitute Liquidity Facility, the renewal provisions of any Liquidity Facility shall provide the Commission reasonable notice, under the circumstances, that the facility will not be renewed. The Commission will seek to diversify its exposure to various Liquidity Facility providers to avoid undue concentration of risk with one or more providers. The Commission will incorporate input from any rating agency rating its bonds in evaluating its risk concentration.

TRANSACTION PROFESSIONALS AND UNDERWRITING TEAM

The Commission will appoint its finance team using a periodic competitive selection process. To promote continuity over time, the Commission may use various members of its finance team for multiple engagements. Selection criteria will include, but not be limited to, professional expertise, experience, capacity and cost. Cost will be an important but not sole factor in selection of professionals.

- a. Financial Advisors. The Commission uses the expertise of its financial advisors in developing its bond structure, providing independent advice to the Commission, working with staff on various issues related to its bond issues and its mortgage program and assisting with the Commission's

strategic planning. The financial advisors participate in negotiating the interest rates, structuring details and bond couponing with the underwriting team. The Commission's financial advisors may not serve as a senior or co-managing underwriter during its term of service or for two years thereafter. The Commission's financial advisors must have demonstrated experience and expertise in the area of tax-exempt and taxable housing bonds.

- b. Bond Counsel. The Commission's bond counsel prepares the legal documents associated with each bond issue, delivers legal opinions regarding the Commission's authority to issue its bonds and, as applicable, to the tax-exempt status of those bonds, coordinates the closing of each bond issue and assists the Commission generally with legal matters related to its bonds. The Commission's bond counsel must have demonstrated experience and expertise in the area of tax-exempt housing bonds and Missouri law regarding the issuance of tax-exempt bonds.
- c. Underwriting Team. For single-family bond issues, the Commission generally will use a multi-manager underwriting team structure for negotiated transactions, including book-running senior managers, co-managers and a selling group. The size and the composition of the underwriting team will be determined as appropriate for the type of bond structure to be marketed.
 - i. Senior Managers. The Commission will select two or three firms to serve as rotating book-running manager of the underwriting team. The book-running manager will participate in the structuring and design of an issue, including providing advice about particular structures, ideas and couponing strategies to enable the Commission to achieve its objectives for a bond issue. Generally, the senior managers will have demonstrated expertise in the structuring, marketing and sale of tax-exempt housing bonds as a book-running manager.
 - ii. Co-Managers. The Commission will select four to six firms to serve as co-managers for the underwriting team. The co-managers will support the senior managers and broaden the distribution capabilities of the senior managers, particularly with regional, local and retail investors. Generally, the co-managers will have housing bond expertise, a large sales force concentrating on individual investors or other characteristics that enhance the underwriting team on behalf of the Commission.
 - iii. Selling Group. The Commission may appoint other firms responding to its Requests for Proposals for underwriters to its Selling Group. The role of the selling group is to generate additional distribution capabilities among retail investors.
 - iv. Remarketing Agent. The Commission will utilize firms as remarketing agents with demonstrated experience and capacity as remarketing agents. In selecting a firm as remarketing agent the Commission's preference will be firms that already serve the Commission as a Senior Manager or Co-Manager.
 - v. Underwriting Rules. The Commission generally will use underwriting rules for negotiated transactions that provide an incentive for each member of the underwriting team aggressively to market the Commission's bonds.
 - vi. Pricing by Underwriters. The Commission expects its underwriting team to justify its pricing scales through comparisons to market indices, as well as to comparable sales in the municipal marketplace shortly before the Commission's scheduled sale.

For multifamily issues if a developer brings a transaction to the Commission that includes their selected underwriter, the underwriter must be named at the time of approval of the development by the Commission. The proposed financing, including the underwriting team, will be accepted or rejected by the Commission as presented. If a selected underwriter is not presented to the Commission at the time of project approval or, if MHDC is asked to provide credit enhancement, then the developer must use the MHDC underwriting team or for smaller issues, a member of the MHDC underwriting team. The Commission will generally appoint one or more of the senior managers for the single-family underwriting team to serve as the managers for multifamily issues. The Commission will typically alternate the appointment of the book-running managers among the senior managers unless market conditions or capabilities among the senior managers shall warrant a different selection. MHDC Bond Counsel selected as provided above will serve as bond counsel for all transactions, including those brought to the Commission by a developer.

- d. Trustee. The trustee serves as a fiduciary on behalf of the bondholders and generally holds proceeds of the bonds, the mortgage loans or related securities and the loan repayments prior to the prepayment of the bonds.

The Commission values supporting local and regional firms and generally will seek to include a number of these firms as members of its professional team.

MARKETING OF BONDS

Retail Distribution

To create opportunities for Missouri residents to buy the Commission's bonds and as a strategy to reduce its borrowing costs on negotiated sales, the Commission will generally use one- or two-day retail only order period before the bonds are made available to institutional buyers. This policy will not apply to issues of less than \$10 million, issues sold by private placement or to particular bonds or maturities deemed by the underwriting team, in consultation with the financial advisors and Commission staff, as not suitable for sale to individual investors. Historically, highly structured bonds, such as bonds sold at a premium, planned amortization class bonds, super-sinkers and other bonds with unusual redemption characteristics have been excluded from retail distribution.

Method of Sale

The Commission may pursue other competitive, negotiated or private placement financings. The Commission recognizes that single-family bond issues that involve a variety of different bond components, such as planned amortization class bonds, super-sinker and other maturities sold based on their average life are difficult to market efficiently using a competitive sale process. In addition, a competitive sale cannot be structured in a manner that assures retail distribution of bonds. Because of the structured nature of its single-family bond issues in order to generate cash assistance and minimize the overall cost of funds, the Commission anticipates that single-family bonds will be sold through negotiated sale or private placement, depending on the approach expected to effectively achieve the Commission's objectives for its bond financed programs. Any transactions sold by competitive sale will be administered electronically.

DRAWDOWN BONDS – SINGLE FAMILY PROGRAM

In order to preserve as much volume cap as possible and thereby increase the amount of tax exempt single family bonds the Commission issues each year, the Commission shall seek to recapture and recycle as much volume cap as possible from previous outstanding issues. Subject to market conditions, the Commission shall maintain an active outstanding drawdown bond issue with sufficient capacity to absorb reasonably anticipated prepayment until a subsequent drawdown issue can be established. Whenever possible the drawdown program shall be managed by one of the senior managers of the underwriting team. The Commission shall seek to operate the drawdown program at minimal cost. The maximum interest rate on any drawdown bonds shall not exceed the corresponding maximum interest rate on the investments supporting the bonds.

INVESTMENT OF BOND PROCEEDS

Bond Proceeds Investment

Because the rating on single-family bonds and multifamily bonds requires assumptions about investment rates on bond proceeds and on repayment amounts, the Commission will seek to obtain investments that permit it to obtain the requisite ratings on those issues while minimizing its contributions to transactions and to maximize residual amounts within the yield differential guidelines. Generally, these investments will be guaranteed investment contracts with investment providers rated AA- or above by Standard & Poor's. In addition, if market conditions or credit concerns warrant the Commission may utilize repurchase agreements for US Treasury and qualified agency securities with providers rated A or above by Standard & Poor's, money market funds or direct purchase of US Treasury and qualified agency securities.

- a. Bidding of Investments. For bond proceeds to be invested in structured investment products, placement will be bid in accordance with IRS regulations, with the guidance of bond counsel.
- b. Concentration of Investments. The Commission will seek to diversify its exposure to various investment providers to avoid undue concentration of risk with one or more providers. The Commission will incorporate input from any rating agency that is rating its bonds in evaluating its risk concentration.

POST ISSUANCE DEBT MANAGEMENT

Secondary Market Disclosure

The Commission will provide regular disclosure reports to Nationally Recognized Municipal Securities Information Repositories of the current status of single-family bonds and multifamily bonds and annual disclosure of its fiscal year end financial statements. In addition, the Commission will comply with all other secondary market disclosure requirements as provided in its Continuing Disclosure Agreements and will rely on the advice of counsel in its secondary market disclosure activities.

Financial Reporting Compliance

The Commission will seek to produce annual audited financial statements within 120 days following the end of each fiscal year and shall produce annual audited financial statements within the time frames required by its Continuing Disclosure Agreements. The Commission will

seek to prepare its financial statements in accordance with generally accepted accounting standards.

Arbitrage Compliance

The Commission shall engage its bond counsel or other professional firm to provide rebate and other arbitrage compliance services to assure the Commission satisfies federal tax law requirements regarding investment earnings on proceeds of its bonds and maximum yield differentials between the rates on its bonds and the underlying loans.

Request for Proposals Bidding Policy

Adopted 8/28/09

The following contractual services are formally bid and selected by the board of Commissioners through a Request for Proposal (RFP) process:

- Bond Counsel
- Bond Trustee
- Commercial Banking
- Financial Advisors
- Independent Auditors
- Master Servicer
- Underwriter Team

For the selection of Independent Auditors, the Audit Committee is involved in the RFP process and the recommendation that is made to the Board of Commissioners.

The RFP process is conducted periodically as outlined in each request for proposal, such as every 3 to 5 years. In the case of the Bond Trustee, trustee and paying agent services are bid in conjunction with the onset of each trustee indenture.

Purchasing Policy

Adopted 8/28/09

MHDC uses a competitive bidding or negotiation process for the purchase of products and services as detailed in this policy.

Purchase Requisitions

A Purchase Requisition is the internal tool used to identify and authorize the purchase of items or services. Purchase Requisitions may be submitted for any transaction, but must be submitted for any purchase transaction that exceeds \$3,000 unless exempted from this policy.

The requester of a Purchase Requisition should be the person who requires the goods or services or who has been assigned responsibility for the area of business operation in connection with the purchase. The requestor's signature must appear on the Purchase Requisition and must be in accordance with the requestor's grant of signature authorization. All purchases exceeding \$3,000 but less than \$25,000 must be signed by at least two employees with appropriate signature authorization. All purchases exceeding

\$5,000 must be approved by the Executive Director or the Executive Director's specific designee. Unless specifically exempted as detailed in subsequent sections of this policy, purchases equal to or greater than \$25,000 must go through a formal bidding process as outlined in the "Formal Competitive Bid" section of this policy.

A properly completed Purchase Requisition will include, at a minimum, the following information:

1. Name of requestor;
2. Current date;
3. Quantity and description of the item(s) or service(s) to be purchased;
4. Unit pricing and extended pricing, with supporting documentation showing at least three price comparisons;
5. Cost totals including extended pricing and shipping or delivery costs;
6. Date needed (delivery date for purchase of products or dates of service for purchase of services);
7. Delivery address and contact information if other than requestor;
8. Authorized signature(s);
9. Competitive price quotations for purchases exceeding \$3,000 but are less than \$25,000 or justification for the absence of bids as allowed in this policy.

Purchase requisitions should be completed prior to completing the purchase transaction except in cases of emergency. Any Purchase Requisition completed after entering into the purchase transaction must be supported by detailed explanation of the emergency situation to prohibit the submission of the requisition on a timely basis.

All purchases of goods or services exceeding \$3,000 must be supported by three competitive price quotations except under certain circumstances as detailed under the "Competitive Price Quotations" section of this policy. MHDC may use the informal competitive bid procedure described in this section for purchases of more than \$3,000 but not more than \$25,000, in lieu of the procedures described in the "Formal Competitive Bid Procedure." Identical information shall be provided to potential suppliers with sufficient detail to allow for the collection of competitive pricing quotations for identical or comparable products or services. All competitive price quotations obtained from suppliers must be in writing. The use of the supplier's published prices may be used, including prices published in catalogs or on websites. In the event a supplier fails or refuses to submit a written competitive price quotation, the requestor should document the details of contact with the supplier including the name of the supplier, the date(s) of the contact, the name of the individual contacted when possible, and a summary of any information received in connection with the process.

Competitive price quotations are considered confidential information and employees of MHDC are prohibited from disclosing the contents of a specific supplier's competitive price quotations to another supplier during the purchasing process but such information may be made public, upon request, after the selection process is complete.

Certain purchases are specifically excluded from this competitive bid policy including professional services such as those purchased from attorneys, accountants, financial advisors, bond counsel, bond trustees, commercial banking services, independent auditors, master servicers and underwriters, sole source acquisitions, acquisitions through other governmental contracts, emergency purchases, and purchases of proprietary goods and services.

Competitive Price Quotations

For purchases requiring competitive price quotations, three competitive quotations should be obtained unless impossible or impractical for one of the following reasons:

1. Standardization. The business value of standardized products in connection with the purchase outweighs the business value of obtaining competitive price quotations.
2. Recent Competitive Price Quotations. Competitive price quotations from a previous purchase transaction may be used for comparable purchase provided that the Competitive Price Quotations received in connection with the prior purchase or not more than 18 months old.
3. Prior Supplier Performance. The business value of continuing an established business relationship with a supplier of goods or services based on the supplier's past experience, quality, price and service outweighs the business value of obtaining competitive price quotations. The requirement for obtaining competitive price quotations may be waived for a period not to exceed three years in connection with the prior supplier performance.
4. Contractual Obligation. The requirement for competitive price quotations may be waived in order to allow compliance with an existing contractual obligation. All purchasing policy requirement should be observed when entering into new contractual obligations.
5. Insufficient Lead Time. Insufficient lead time occurs when less than three suppliers are able to supply competitive price quotations and/or deliver the product or service by the required delivery date.
6. Other Extraordinary Circumstances. A statement signed by the Executive Director stating that the requirement for competitive price quotations is waived due to extraordinary circumstances may be substituted.

Formal Competitive Bid Procedure

When the estimated cost of needed goods and services exceeds \$25,000, the purchase or lease of the supplies, materials, equipment or services shall be purchased under formal written contract with the bidder providing the best products and services that are available for the lowest and best price. Notice inviting bids for the goods and services shall be provided in the manner and utilizing such medias as determined to be appropriate by the Executive Director or his/her designee in order to encourage fair and unbiased competition. The notice shall be designed to secure a reasonable distribution and a competitive bidding process and may include direct mail, electronic mail, online listing services, newspaper advertisements, and/or such other means as the Executive Director or his/her designee deems appropriate. The notice inviting competitive bids shall be distributed and/or posted at least five business days preceding the last date for receipt of bids or proposals and shall include a general description of the products or services to be leased or purchased. Said notice shall also state where bid forms and specifications may be obtained and the time and place for submission of bids. The Executive Director or his/her designee shall evaluate the bids submitted and make the determination based on this selection process below.

Selection of Supplier

The final supplier selection will be in the discretion of MHDC personnel and should be based upon selecting the lowest and best product or service. Selecting a supplier with the lowest price is only required when the bids are identical with regard to product and service including but not limited to availability, delivery or shipping services, diversity of selection, size, quantity, quality and brand name. Selection of the supplier with the lowest-priced bid is not required when a better product or service or a combination of product and service is available from another supplier.

MHDC is committed to supporting small business enterprises, including socially or economically disadvantaged enterprises such as disadvantaged, women-owned, minority-owned, and Section 3 certified business enterprises in its purchasing programs.

MHDC has established a goal for small business enterprise participation of 15% of the dollar volume of purchasing (excluding purchasing from sole supplier providers where there is no discretion in supplier selection and where there are no small business enterprise suppliers available).

Although individual purchases, projects or wards may not reach these goals, MHDC's intent is to work for the achievement of these goals over a fiscal year. Success depends on active commitment. MHDC's procurement activities should be as inclusive as possible in order to allow small business enterprises the maximum practicable opportunity to participate in providing goods and services to MHDC, including attempts to make reasonable accommodations to enable participation such as breaking an order into smaller portions.

MHDC is committed to encouraging small business enterprise suppliers to compete for business. It is MHDC's policy to seek and recruit small business enterprises for inclusion on a vendor list. The names, addresses, phone numbers, web information, and product or service type, if available, will be identified on the vendor list. MHDC will attempt to obtain a price quotation or bid from at least one small business enterprise supplier on the vendor list for purchases when possible.

The degree of utilization of small business enterprises should be considered along with the other selection factors including, but not limited to, the following:

1. Cost and future maintenance costs
2. Ability to perform
3. Timely performance
4. Character and reputation
5. Quality of prior performance
6. Compliance with laws
7. Quality and availability
8. Conditions on bid
9. Compliance with bid specifications
10. Environmental preference
11. Social responsibility, including encouraging diversity through use of women-owned and minority-owned enterprises, Section 3 certified business enterprises, and the payment of fair wages
12. Local (Missouri) preference

Conflict of Interest

A conflict of interest situation may exist when personnel are in a position to influence the direction or decision of purchases pursuant to this policy in such a way that may lead to the personal financial gain of the individual or of his/her immediate family or other designee. Any conflict of interest, actual or potential, must be fully disclosed in writing by the requestor and attached to the Purchase Requisition. In addition, the Purchase Requisition will require an additional signature of a disinterested party with equal or greater signatory authority.

Personal Purchases

MHDC personnel shall not commingle personal purchases with MHDC transactions.

Employees and State of Missouri Merit System

Adopted 8/28/09

The Missouri Housing Development Commission employs individuals to fulfill its mission of providing affordable housing throughout the state of Missouri.

MHDC funds all employee salaries and related benefit expenses. MHDC employees are not on the state payroll system. MHDC manages its own payroll system and remits benefit related expenses directly to benefit providers.

MHDC complies with all federal, state and local regulations concerning employment. MHDC makes independent employment decisions within the framework of applicable law.

MHDC will develop specific policies pertaining to various personnel issues and such policies will be appropriately communicated to employees. Such policies will, from time to time, be modified or removed as necessary for the efficient administration business.

Whistleblower

Adopted 8/28/09

The "Whistleblower" law (RSMo §105.055) prohibits supervisors or managers from preventing employees from discussing operations of MHDC with the legislature or with the State Auditor. In addition, this policy strictly prohibits supervisors or managers from preventing employees from discussing operations of MHDC with a member of the MHDC Audit Committee or any MHDC Commissioner. Any employee who, in good faith, discloses information relating to prohibited activities such as violations of regulations or the law, mismanagement, gross waste of funds, abuse of authority, or substantial and specific dangers to public health and safety will not be subject to disciplinary action. Retaliation against any individual for disclosing information to an MHDC Commissioner, the MHDC Audit Committee, the legislature or the State Auditor is strictly prohibited and any individual perpetrating such retaliation is subject to disciplinary action up to and including termination of employment.

The law and this policy do not authorize employees to represent their opinions as opinions of MHDC nor does it permit employees to leave during work hours without following normal procedures. An employee may be subject to disciplinary action if he/she knows the information disclosed to be false or if disclosure relates to some violation of his/her own, such as mismanagement, gross waste of funds,

abuse of authority or endangerment of the public health or safety. This law does not allow employees to disclose information that is closed or confidential by law.

Grievances

Adopted 8/28/09

The state of Missouri and MHDC have a grievance procedure to help employees resolve disagreements surrounding work relationships, working conditions and employment practices. Employees are encouraged to work with supervisors in resolving disputes; however, the Human Resources Director and/or Director of Operations and/or the Executive Director are available to assist in settling disputes through a professional, but informal, conflict resolution process. The purpose of this policy is to establish a procedure for addressing these disagreements in a manner that does not adversely affect productivity.

A grievance is defined as any dispute over employment matters in which the appointing authority has complete or partial jurisdiction and for which a specific appeal to the Personnel Advisory Board is not provided. To protest acts of harassment or unlawful discrimination employees should refer to the complaint procedure.

The grievance procedure should resolve grievances quickly; it should settle disagreements at the level of the employee and supervisor; and it should correct the cause of the grievance to prevent similar complaints. Employees must follow these steps when submitting a grievance:

Step 1 – Employees should attempt to resolve the dispute informally by verbally discussing the grievance with his/her immediate supervisor or manager. The employee may request that a representative of Human Resources be present to assist in addressing the dispute informally if desired.

Step 2 – In the event the grievance is not resolved during Step 1, the employee may submit a written grievance to the employee's Director within 30 working days of the incident. The written grievance must include a statement of the facts surrounding the complaint, a listing of any applicable witnesses or evidence, and specific remedies sought. The Director will respond to the grievance in writing within 10 working days of receiving the written grievance.

Step 3 – In the event the grievance is not resolved during Step 1 or Step 2, the employee may request review by Human Resources. The employee must submit his/her written request for review to Human Resources within 10 working days of receiving a response pursuant to Step 2 together with a copy of the employee's written grievance and any supporting documents submitted during Step 2. The Director will review all documentation and may request to meet with any of the parties involved and will provide a final response within 10 working days.

Time limits are intended to ensure prompt attention to all grievances. Calculation of time frames begins the next working day after the event or receipt of the involved documentation. Any of the time limits specified in the procedure may be extended by mutual agreement of the involved parties.

Grievances should not become a part of any other permanent record, and will not be maintained in the employee's personnel file. Grievances will be maintained separately in the Human Resources office. Supervisors maintaining copies of grievances should do so in a separate file.

Confidentiality is expected of all parties who are actual participants in the grievance proceeding.

Retaliation and/or coercion as a result of using the grievance procedure is strictly prohibited and any individual perpetrating such retaliation is subject to disciplinary action up to and including termination of employment.

Complaint

Adopted 8/28/09

1. Employees must report all acts that violate the anti-harassment policy in writing to one of the following persons:
 - a. The employee's supervisor
 - b. The employee's manager
 - c. The Director of Human Resources
 - d. A member of management
 - e. General Counsel
 - f. The Executive Director
2. Supervisors, Managers and Directors are required to report all known, suspected or reported incidents of harassment or discrimination to the Director of Human Resources. In the event the complaint involves the Director of Human Resources, the complaint must be reported to the Executive Director. Failure of any supervisor, manager or Director to report any known, suspected or reported incidents of harassment or discrimination will result in disciplinary action up to and including termination.
3. Upon receipt of a written complaint, the Director of Human Resources, or his/her appointee, will quickly and discreetly conduct a thorough and impartial investigation of the complaint.
4. The complainant will be informed when the investigation is concluded.
5. In the event the investigation results in a finding of wrongdoing, appropriate corrective action will be taken.
6. Retaliation against Individuals filing a discrimination or sexual harassment complaint or participating in the investigation of a complaint is strictly prohibited and any individual perpetrating such retaliation is subject to disciplinary action up to and including termination of employment.

To the extent possible, all investigations will be conducted in a manner protecting the confidential nature of the complaint. Employees who may be involved in the investigation as witnesses or who may be asked to submit information for the fact-finding purposes are prohibited from disclosing the details of such participation in the investigation to any person.

Equal Employment Opportunity

Adopted 8/28/09

The Missouri Housing Development Commission is committed to equal and fair employment practices and advancement opportunities to all employees and applicants without discrimination. MHDC provides equal employment opportunities, where employment is based upon each person's performance, abilities and qualifications without regard to race, color, religion, gender, age, national origin, physical or mental disabilities, veteran status or any other characteristic protected by applicable improperly governing law.

MHDC complies with all applicable requirements of Executive Order 94-03 as administered by the Department of Economic Development on its behalf. The Department of Economic Development prepares an Affirmative Action Implementation Plan in connection with Executive Order 94-03 on behalf of MHDC.

MHDC complies with all workforce eligibility laws, rules and regulations including the appropriate verification of employment eligibility of newly hired employees.

If any incident of discrimination in violation of this policy is observed, it is the responsibility of the employee to immediately report the incident to Human Resources. Retaliation against any party for reporting any incident, actual or suspected, is strictly prohibited. A representative of MHDC Human Resources will address any violation of this policy by conducting an appropriate investigation and providing appropriate corrective action as needed.

Americans with Disabilities Act

Adopted 8/28/09

In accordance with the requirements of the Americans with Disabilities Act of 1990, MHDC will not discriminate against individuals with disabilities on the basis of disability in employment, services, programs, or activities.

MHDC will abide by all applicable federal and state laws, regulations, rules, and guidelines regarding the provision of reasonable accommodations required to afford equal employment opportunity to qualified disabled individuals. Such reasonable accommodations will be provided in a timely and cost-effective manner. Employment opportunities shall not be denied because of the need to make reasonable accommodations to an individual's disability.

Reasonable Accommodation is defined as an effort on the part of the employer to accommodate an individual's disability by making adjustments to the application process, the job, or the work environment which will enable that individual to interview for or perform the essential functions of the job, but which does not involve undue hardship to the employer.

Individual with a Disability is one who: has a physical or mental impairment which substantially limits a major life activity or the capacity to work; has a record of such impairment; or is perceived or regarded as having such impairment.

Qualified Individual with a Disability is one whose experience, education and/or training enable the person, with or without reasonable accommodation, to perform the essential functions of the job.

Undue Hardship refers to any accommodation that would be unduly costly, extensive, substantial or disruptive or that would fundamentally alter the nature or operation of the business.

Essential Functions are those job duties which are primary or intrinsic to a given position. They do not include those duties which are marginal or incidental to the position. Employees that require a reasonable accommodation to perform the essential functions of the job due to a disability should contact Human Resources.

Family Medical Leave Act

Adopted 8/28/09

MHDC provides unpaid Family and Medical Leave (FMLA) to eligible employees who need to take time off from work duties to meet family obligations that are directly related to childbirth, adoption, or placement of a foster child. Family and Medical Leave may also be requested to care for a child, spouse, or parent with a serious health condition. This also includes taking leave for one's own serious health condition.

In accordance with the Federal Family and Medical Leave Act of 1993, eligible employees are entitled to a maximum of 12 workweeks of FMLA during a rolling 12-month period of time that is calculated using the Lookback Method. Eligible employees are those who: have 12 months of cumulative service and have worked a minimum of 1,250 hours during the prior 12 months; have a qualifying reason for taking FMLA; and have a remaining balance of FMLA entitlement.

For any FMLA absence, an eligible employee will be required to use any available paid leave time concurrent with the start of the leave. All paid leave time shall be exhausted before an employee is eligible for unpaid leave.

Certification Requirements

- Leave due to a serious health condition shall require a written certification from a physician and must be supplied by the employee no later than 15 calendar days following a request.
- Leave to care for a child, spouse, or parent with a serious health condition shall require a written certification and a description of the care with an estimated length of time that the employee needs to care for the family member.

Employees may be required to recertify, by submitting additional physician certification, at the request of MHDC.

Anti-Harassment

Adopted 8/28/09

MHDC is committed to providing a work environment that is free from all forms of discrimination and conduct that can be considered harassing, coercive, or disruptive, including sexual harassment, whether by employees, guests, or vendors. MHDC will not tolerate any actions, words, jokes, or comments based on a person's gender, race, color, national origin, age, religion, disability, or any other legally protected characteristic.

Sexual harassment is defined as unwanted sexual advances, or visual, verbal, or physical conduct of a sexual nature. This includes many forms of offensive behavior, including gender-based harassment of a person of the same gender as the harasser. The following is a partial list of examples of sexual harassment:

- Unwanted sexual advances.
- Offering employment benefits in exchange for sexual favors.
- Making or threatening reprisals after a negative response to sexual advances.

- Visual conduct that includes leering, making sexual gestures, or displaying of sexually suggestive objects or pictures, cartoons or posters.
- Verbal conduct that includes making or using derogatory comments, epithets, slurs or jokes.
- Verbal sexual advances or propositions.
- Verbal abuse of a sexual nature, graphic verbal commentaries about an individual's body, sexually degrading words used to describe an individual, or suggestive or obscene letters, notes, or invitations.
- Physical conduct that includes touching, assaulting, or impeding or blocking movement.
- Unwanted sexual advances (either physical or verbal), requests for sexual favors, and other verbal or physical conduct of a sexual nature constitute sexual behavior when:
 - Submission to such conduct is made either explicitly or implicitly a term or condition of employment
 - Submission or rejection of the conduct is used as a basis for making employment decisions; or
 - The conduct has the purpose or effect of interfering with work performance or creating an intimidating, hostile or offensive work environment.

If an employee experiences or witnesses sexual or other unlawful harassment in the workplace, the employee must follow the complaint procedure.